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Blues in White House Over Crime Bill Loss

After a Series of Disappointments, Clinton Sorely Needed a Big Victory

By R. W. Apple Jr.

New York Times Service

WASHINGTON — From President Bill Clinton's point of view, the timing could hardly have been more wretched.

Just when he needed to start building momentum for votes on health-care legislation, just when his party needed a victory heading into the elections this fall, just when the White House staff needed to have its spirits lifted after the blow it took last week with the change of Whitewater prosecutors, something else went wrong.

Already sorely tried by Whitewater and health-care problems, already confronted with a bleak political outlook, the Clinton administration was staggered Thursday night by a procedural defeat that may have doomed the crime bill, whose passage it had taken for granted just a month ago.

"It's as if someone upset a beehive around here," said a gloomy White House aide. "Every time we stick our heads up, we get stung."

It was a nasty defeat, and Mr. Clinton made little effort to hide the pain. As he conceded, "I worked my heart out and did everything I could."

It was not enough.

On any number of levels, the Democrats were set back with a jolt. And yet, as Mr. Clinton marveled at an impromptu news conference on Thursday evening, 58 House Democrats voted against their leadership and against Mr. Clinton. They voted with the Republican leadership and with the National Rifle Association, whose influence the administration believed it had begun to subdue.

Unless the bill can be revived, the Democratic candidates for the Senate, the House and major state offices will be deprived of something most of them — and

the president — had ardently sought: a legislative accomplishment for which they could claim credit as a demonstration that their party, however soft on crime it might have been, had changed its spots.

That, of course, is a development welcomed by the Republicans, not only for 1994 but also for 1996. Most polls show crime as the primary concern on voters' minds this summer.

But the impact on the prospects for the health-care legislation, on which the presi-

NEWS ANALYSIS

dent has pinned so many hopes, both substantive and political, may prove to be even greater.

The outcome could have been reversed by a change of only eight votes, and the realization that they could not be obtained cast something of a pall over the Democratic leadership. Some Democratic members spoke grimly of the need to guard against defeatism.

The vote showed, furthermore, that the arrival of Leon E. Panetta as chief of staff has not yet galvanized the White House operation on Capitol Hill.

Mr. Panetta, a former representative from California, a quintessential Capitol Hill man for more than 15 years, worked the corridors, made the calls, predicted a narrow victory and then failed to pull it out — even with the president reportedly making last-minute appeals.

Clearly, President Clinton lacks the kind of clout that would enable him, by threat and promise, to bring into line members of Congress who threaten to cross him.

With his hold on the electorate waning, his influence in Congress, never great, wanes too.



Robert Gauthier / Agency France Presse
A grim Mr. Clinton leaving the White House on Friday for Minneapolis.

New Wave of Refugees Is on the Move in Rwanda

By Raymond Bonner

New York Times Service

RUBENGORO, Rwanda — On foot, with bags of sorghum and sewing machines balanced on their heads, on bicycles and in stolen cars loaded with looted goods, thousands of Rwandans are fleeing the French safe haven and heading toward Burundi, Zaire.

They are Hutsu, and they are being pushed by a general fear of the Tutsi-led Rwanda Patriotic Front, the former rebel army that is now the government; by reports that Front soldiers are killing Hutu refugees who return to their villages, and by widespread lawlessness in a region where there is no government these days. It is the exodus that the international

refugee community, under siege by a million refugees in Goma, had been hoping to avoid, and relief organizations and the United Nations are scrambling to reassure the people that they need flee.

The International Committee of the Red Cross delivered 17 tons of food to Rubengoros on Friday, but food may not be enough for people who are worried more about their security. As the Red Cross truck entered the village, another large truck, which had a sticker plastered on the door indicating that it had once been hired by another international relief organization, was taking fleeing people out.

And as the French prepare to depart in 10 days, they are trying to persuade the local population that it should stay.

"There are more people being murdered in Bukavu by the Zairian soldiers, the old Rwandan army and the militia than in the humanitarian zone," Colonel Patrice Sarre, the commander of French forces in the northern sector of the humanitarian zone, said during a meeting Friday morning in this dingy, agricultural village.

Last month, some 300 refugees fled across the border into Bukavu, following the remnants of the defeated government. There are an estimated 2 million people now in the French safe haven, about half of them already refugees from other areas of the country. While an exodus like that which occurred into Goma, when just about everyone in northwestern Rwanda fled, seems unlikely, discussions with peo-

ple in the zone during the last 10 days leaves one with the impression that very few are committed to remaining.

The United Nations has been trying to

get the new government in Kigali to commit to keeping troops out of the French

See RWANDA, Page 5

From Worker-Hero to Wheeler-Dealer

China's Unions Try to Find Niche in Free-Market Society

By Kevin Murphy

International Herald Tribune

SHANGHAI — China's official labor unions, once largely a vehicle to keep workers in line, now find themselves squeezed between unhappy members and hostile employers, a situation aggravated all the more by questions over conflicts of interest.

To carve a place in the new and unfriendly environment, the Shanghai unions are turning to free-market tactics such as running their own businesses and managing investment portfolios.

Funded by a 2 percent levy on payrolls, the Shanghai Trade Union Council has moved away from handing out production medals to worker-heroes among its 5 million members to the business of running 26 hotels and numerous service industries.

This building of a capitalist empire by unions may provide more jobs, but it also raises questions about conflicts of interest that have led many foreign managers to discourage official union membership by their employees.

"They face a major challenge if they want to be anything more than a big business that calls itself a trade union," said

John Kamm, a China business consultant and human rights lobbyist based in Hong Kong. "There is a strong reluctance by many foreign investors to let them in."

"From both a business and human rights point of view there are serious doubts as to whether China's official unions can play a genuine role as an honest broker," said Mr. Kamm.

Traditionally both judge and jury in shop-floor rulings, China's unions are finding it difficult to adapt to an era where labor and management may be adversaries rather than one and the same as in communist theories.

Much of the money raised by union dues remains under the control of 18,000 local branches, according to Zhu Guoqing, a vice department chief with the council.

The balance has gone toward creating service-sector jobs and investing in unprofitable enterprises "with a future."

"We have established a career agency and stepped up efforts to export labor to other countries," said Mr. Zhu, whose organization now employs 10,000 workers in various business

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At Paris Opéra, the Same Old Sour Notes

By David Stevens

International Herald Tribune

PARIS — In another burst of publicity of the kind the Paris Opéra could do without, its music director, Myung-Whun Chung, was dismissed Friday in a dispute over renegotiation of his contract.

The action occurred just before rehearsals were scheduled to begin for the new production of Verdi's "Simon Boccanegra," which will open the season Sept. 19.

The dismissal of the 41-year-old Korean-born conductor was the latest upheaval in the turbulence that has beset the compa-

ny since before the Opéra Bastille opened in 1989, on the 200th anniversary of the French Revolution. It also comes during a period of transition that emphasizes the heavy hand of politics in the operation of France's principal opera and ballet company.

For most of the last half-century, this state cultural institution, more than 300 years old, has been a laughingstock on an international level. Much of this is a result of turbulent labor relations, with frequent strikes and sometimes long periods of inactivity. An endemic lack of long-range planning made it hard to attract leading artists and drove many leading French singers to appear more abroad than at home. For the public, the lavish old Opéra, the Palais Garnier, and its ceiling painting by Marc Chagall were more of an attraction than what happened on stage.

The period since the opening of the Opéra Bastille has been particularly troubled, with frequent high-level firings and firings, technical problems with the new theater, and even disaster, when chorus members were killed and injured in an onstage accident in Seville, Spain. Mr.

See OPERA, Page 5

Chung, music director since the Bastille opened in 1989, has seemed to be the only bright spot in sight.

One exception to this dreary record was the 1970s, when Rolf Liebermann, veteran director of the Hamburg State Opera, took the Paris Opéra in hand, bringing professional planning, outstanding productions and star performers. His assistant then was Hugues Gall, and the hope now is that Mr. Gall, who takes over as director in 1995, will be the man to put the floundering Opéra Bastille on course.

On Friday, Jean-Paul Cluzel, interim administrator pending the arrival of Mr. Gall, said Mr. Chung had "rejected" proposed modifications of his contract. "Management is saddened that Mr. Chung, whose work with the orchestra and chorus is well known, did not want to pursue this work," the company said in a statement.

"Management proposals aimed to clarify in particular the artistic role of the musical director in the light of the new

BASEBALL STRIKE BEGINS — Fans at Oriole Park waiting glumly for Baltimore to start play against the Boston Red Sox in what could turn out to have been the curtain closer of the 1994 baseball season. Page 16.

Kiosk

Veterans Agree to Parachute Into Sea

Dow Jones	Up	Down
17.61	0.14%	115.36
3768.71		

The Dollar	Fn. close	previous close
DM	1.5512	1.55
Pound	1.5465	1.5473
Euro	100.17	100.125
FF	5.3225	5.355

PARIS (Reuters) — U.S. Army veterans of World War II have agreed to parachute into the sea to commemorate the 1944 Allied landing on the Riviera after their plan to jump on land was turned down for safety grounds, the head of the group said Friday.

Ken Shaker said four veterans accepted a Defense Ministry proposal to drop them into the Bay of Cavalaire, near Saint Tropez, on Monday. A boat will await each jumper.

Aide's Remark Adds To Berlusconi Woes

Minister Apologizes After Blaming 'Jewish Lobby' for Plunge of Lira

By Alan Cowell

New York Times Service

Bossi, the leader of the separatist-minded Northern League.

In recent weeks, Mr. Bossi has clashed with the Italian leader on a whole array of issues, including Mr. Berlusconi's continued personal ownership of a television and advertising empire, the prime minister's efforts to curb graft inquiries and a controversial government advertising campaign on state television.

"Berlusconi should not be prime minister," Mr. Bossi said last week in an inflammatory comment on his supposed ally. "How can a man with so much economic power be at the head of a government?"

Mr. Berlusconi sought to reassure Italians in a television address Friday night. "Things in Italy have never gone so well," the prime minister said, making no reference to the latest problem for his faltering government.

"I would feel more comfortable if there was more harmony in the statements made by members of the government," Mr. Berlusconi said. "What is important is that today there should be responsible behavior by all the allies."

In an interview published Friday in the International Herald Tribune, Mr. Berlusconi complained of unfair treatment by the national and international press and by a "part of the financial elite."

The lack of confidence in a government that seems divided on a range of issues has been reflected most dramatically on the money markets.

The lira slumped to a record low of 1,032.5 to the German mark before closing at 1,027.85, amid what dealers described as panicky selling of Italian bonds and shares. (Article, Page 7)

"Italians asked us to govern, not to fight," said Pierfrancesco Casini, the leader of the Christian Democratic Center, a small faction of former Christian Democrats that campaigned for the March vote along with Mr. Berlusconi's Forza Italia (Go, Italy) party. "Instead, many of the partners are being irresponsible."

He was referring primarily to frequent assaults on Mr. Berlusconi by one of his principal coalition partners, Umberto

Mastella, a member of the Christian Democratic Center, said. "We should explain to Jewish high finance that Fini is increasingly distant from a nostalgic right."

In the political lexicon here, the word "nostalgia" denotes a yearning to return to Mussolini's values.

Muslims Join Vatican's Stand On Population

By John Lancaster

Washington Post Service

CAIRO — Islamic leaders have begun to line up with the Vatican in condemning a landmark United Nations document on population and development, asserting that it condones extramarital sex, homosexuality, abortion and possibly prostitution.

Al Azhar University, the world's most prestigious center of Islamic learning, said in a statement that parts of the document offended Islam and called on Muslims to press for amendment during a major UN conference on population issues in Cairo next month.

Iran's Islamic government also raised objections.

Both the UN document and the Cairo conference are aimed at pushing countries to view population issues with new urgency. The draft examines strategies for stabilizing the world's population, expected to grow by 3 billion people by the year 2030.

Two billion of those people will be born in the world's poorest countries, many of whose inhabitants are Muslim.

The document's supporters, including the Clinton administration, fear that such opposition by leaders of two of the world's most powerful religions could prevent consensus at the conference, which they view as crucial to heading off global environmental and social catastrophes caused by rapid population growth.

The draft document, which encompasses such topics as women's rights and teenage sexuality, was bound to be controversial in the socially conservative Muslim world.

But U.S. officials involved in drafting its language said the Islamic opposition also reflects Pope John Paul II's efforts to mobilize the world's major religions against what the Vatican has described as a prescription for easy abortion and promiscuity.

Officials contend that the document does not advocate abortion but seeks a broad-based approach to population stabilization through improvements in the edu-

See ISLAM, Page 5

Singer's Aggressive Creed for Life as a Nonwhite Briton

By Richard W. Stevenson
New York Times Service

LONDON — Growing up in northern England, the son of Pakistani immigrants, Haq Newaz Qureshi always had the vague feeling that he had committed some kind of wrong by not being born white, by not being really English.

"All the time I'd be apologizing," said Mr. Qureshi, 31. "I'd be saying, 'Oh, I don't eat curry. I love fish and chips.' You couldn't even go by your own name because people said it was too hard to pronounce."

Mr. Qureshi is not apologizing anymore. As leader of a popular rap group, Fun-Da-Mental, he has given voice to the growing frustrations and anger felt by young, nonwhite people in a Britain they say remains racked by racism.

And in doing so, he and his partner in the group, Dave Watts, 33, the son of immigrants from Barbados, seem to be searching, like many other nonwhite people of their generation, for a sense of racial identity in a country that is 94.5 percent white.

Unlike their parents and grandparents, who came here in waves in the 1960s and '70s from Pakistan, Bangladesh, Jamaica and other Third

World countries, the second and third generations see no reason to turn the other cheek when confronted with the racial attacks and taunts that are common in inner cities and some suburbs.

The police recorded 9,762 racial incidents in England and Wales in the 12 months through March of this year, up 26 percent over the previous year.

Indeed, in a sharp change in the dynamics of race relations, second- and third-generation immigrants are becoming more active in community groups and politics, and advocating, as Fun-Da-Mental's music does, physical violence in self-defense against attacks by neo-Nazis and other white racists.

"It's not aggressive — it's a basic human right," Mr. Qureshi said in his record company's office in the melting pot neighborhood of Notting Hill in West London. "No matter what color you are, if you're getting beat up, you're going to fight back to protect yourself. Every government does it."

Growing up in Bradford, Mr. Qureshi, like a lot of immigrant children, informally took an English name — in his case, Peter — because

English people told him his real name was too hard for them to pronounce.

"A lot of our parents came here because they wanted security for their children," said Mr. Qureshi, whose father was a bus conductor in Bradford after coming to England in 1964.

"Obviously they concentrated on working, and there were pressures on them just to survive. My parents when they came across here carried the colonial brainwashing. They were always being tolerant, very tolerant, and apologizing for being here and trying to assimilate within a culture that didn't really mean anything to them."

After leaving school at 15, Mr. Qureshi played in several punk-rock bands, read widely and developed an increasingly radical political consciousness.

He helped form Fun-Da-Mental several years ago and stuck with it as the band fractured and then regrouped last year. Throughout, he and Mr. Watts have infused the music with an anger that has drawn considerable attention from both white and black audiences.

The group's message has been getting a wider airing as their recent album, "Seize the Time,"

which will be released in the United States next month by Atlantic Records, has broken into the Top 10 in the last month on the British alternative music charts.

Mr. Qureshi, who goes by the stage name Propa-Gandhi, and Mr. Watts, who goes by Imp-D, open the song "Dogtribe" from the album with a recording of a threatening message a white supremacist left on the answering machine of a group called Youth Against Racism in Europe.

Then they sing:

*There comes a time when enough is enough,
Afro-Caribbeans, Asians together is tuff,
Our defense is on attack, minds are made up.
Bodies are fightin' back. Self-defense is no
opposition.*

*And we're ready, ready for the collision with the
opposition.*

It won't be a suicide mission.

And one thing about me, I'm not afraid to die.

If their hard-edged music reflects a growing sense among nonwhites that they have little choice but to abandon traditional passiveness, it also reflects a broader and complicated effort to find an identity that transcends their Britishness.

Socialist Set to Cut Spending In Holland

Reuters

THE HAGUE — Finance Minister Wim Kok looked certain on Friday to become the Netherlands' third Socialist prime minister since the war when his draft coalition accord moved into its final stages.

The new cabinet, which must present the 1995 budget to Parliament on Sept. 20, will be committed to pruning public spending by more than 18 billion guilders (\$10 billion) over the next four years.

The proposed savings will be coupled with modest cuts in tax and social security payments aimed at stimulating job growth.

In June, the Organization for Economic Cooperation and Development in a report urged the newly elected Dutch government to "better balance social equity and economic efficiency" through a "wide-ranging reform" of its labor market and welfare system. It cited an overall tax burden that is one of the highest in Europe and a level of unemployment broadly measured at 26 percent.

Mr. Kok now has the prime minister post firmly in his sights after his policy blueprint was approved late Thursday by leaders of the three new coalition partners — Mr. Kok's Labor Party, the conservative Liberals and the leftist D66.

Once legislators from the three parties approve the 55-page text, Mr. Kok, a former trade union leader, will begin the process of distributing the expected 14 cabinet seats.

Labor wants the prime minister's post and four other ministerial posts. The Liberals expect to have five seats in the cabinet and the D66 four.

The Netherlands has been governed by the center-left cabinet of Ruud Lubbers since the inconclusive May elections. Mr. Lubbers's Christian Democrats were rejected by voters for initiating unpopular social security measures.

Labor emerged from the elections with 37 seats in the 150-seat lower chamber of the States-General, the Christian Democrats with 34, the Liberals 31 and D66 24.

The final stages of the coalition talks center on a radical shake-up of public funding for higher education and planned cuts on health care, state pensions and child benefit.

Labor and Liberal party members are divided on how to cut spending.



STREET JUSTICE — Islamic activists marching in Dhaka, Bangladesh, on Friday demanding the return of the feminist author Taslima Nasrin, who has taken refuge in Sweden. The radicals called on Muslims in Sweden to help in the campaign to bring "the infidel back to our country."

Malaysia to Let Sect's Leader Return, if He Relents

The Associated Press

KUALA LUMPUR — The Malaysian government has offered amnesty to the leader of a banned Islamic sect if he renounces his teachings and stays from self-imposed exile in Iran, news reports said Friday.

Malaysia may send emissaries to Jordan to persuade Abuya Ashaari Muhammad to come back and repudiate his teachings, which the govern-

ment says are deviationist and contrary to mainstream Islam, the newspaper The Star reported.

The sect, Al Arqam, was outlawed Aug. 5, and all its 40 mosques and 237 schools were declared illegal. The group's 100,000 members were forbidden from preaching, and other Malaysians were told not to associate with them.

The controversy centers on Mr. Ashaari's claim, reiterated

in an interview published Friday, that he has spoken to Mohammed, the founder of Islam.

In a related development, the police accused Al Arqam of luring local Muslim young men to communes in Thailand, Uzbekistan and the Philippines. The group denied the accusation as "without proof."

In an interview in The Star, Abdul Hamid Othman, deputy minister in the prime minister's office, said the government

would not prosecute Mr. Ashaari if he agreed to help "rehabilitate" his followers.

It might take the government years to reform Al Arqam members on its own, but with Mr. Ashaari's aid it could be done faster, Mr. Hamid said. But Mr. Ashaari "should not come back as if he was leading a government-in-exile," he added.

The government is also willing

to register Al Arqam as a legal Islamic organization, he said.

Mr. Ashaari denies spreading deviationist teachings and says he will return on his own soon. The government has not sought to press charges against him pending legal advice from its advocate general.

Prime Minister Mahathir bin Mohamad has denied suggestions that the ban might have been motivated to crush Mr. Ashaari as a political threat.

German Socialists Promise Tax Cuts, Except for Wealthy

Reuters

BONN — The opposition Social Democratic Party tried to lure voters away from Chancellor Helmut Kohl's government Friday by promising quick and massive tax cuts if they win October's general election.

Oskar Lafontaine, tipped as the next finance minister if the Social Democrats win the Oct. 16 vote, said his party would launch a program to tax the wealthy and ease burdens on others.

"The SPD is planning the biggest program of tax cuts for average wage earners and families in the history of the Federal Republic of Germany," he said at a news conference.

The plan was announced as the party slipped further behind Mr. Kohl in opinion polls.

The Social Democrats' program of tax cuts would

involve around 75 billion Deutsche marks (\$48 billion) for the middle and lower classes, which would be financed by raising taxes for the wealthy and scrapping some tax write-offs for families.

Mr. Lafontaine ruled out a rise in value-added taxes to help finance the cuts, but he left the door open for a later increase in gasoline taxes.

On taking office, a Social Democratic government would scrap Mr. Kohl's so-called "solidarity tax," a 7.5 percent surcharge on income tax bills due in January, and would replace it with a 10 percent surcharge on tax bills for high-wage earners.

The surcharge would hit individuals earning more than 60,000 marks a year or couples with a combined income of 120,000 marks.

The party argues that the solidarity tax is unfair

because self-employed professionals such as doctors, lawyers and owners of small businesses do not pay it.

"Kohl's government has conducted a tax policy for the minority for 12 years," Mr. Lafontaine said. "We are going to make policy for the majority."

The Social Democratic program would take place in three steps:

First, the party would scrap the solidarity tax and introduce a tax on the wealthy. Then, family payments would be raised to 250 marks a month per child and compensated for by scrapping a tax exemption for families with children.

Lastly, the party would introduce a series of tax cuts for low and middle wage earners after 1996, when a court-ordered exemption from income tax bills for people living below the poverty level goes into effect.

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THE AMERICAS / SENDING A MESSAGE

POLITICAL NOTES

Judge and Senator Explain 'Power Lunch'

WASHINGTON — At the time he and two other judges were deciding who would handle a politically sensitive investigation of President Bill Clinton, Appeals Court Judge David B. Sentelle met on Capitol Hill with a conservative Republican who led efforts to remove Robert B. Fiske Jr. as the Whitewater special counsel.

Judge Sentelle and Senator Lauch Faircloth, Republican of North Carolina, who share roots in home-state Republican politics, confirmed that they met for lunch in mid-July, a time when Judge Sentelle was considering whether Mr. Fiske would be permanently appointed the independent counsel in the Whitewater case. Legal experts questioned the wisdom of the luncheon meeting in view of the matter's political implications.

Mr. Fiske's sudden removal a week ago by the panel headed by Judge Sentelle stunned the White House and Democratic members of Congress and led to new charges of partisanship in the conduct of the Whitewater inquiry. The partisan fight escalated with the panel's appointment of Kenneth W. Starr, an active Republican and U.S. solicitor general in the Reagan and Bush administrations.

Judge Sentelle and Senator Faircloth say that they did not discuss Mr. Fiske during the lunch. According to Judge Sentelle, the two joined Senator Jesse Helms, Republican of North Carolina, for a lunch in which they talked about Western war, old friends, and prostate problems.

But someone who saw Senator Faircloth and Judge Sentelle board a train underneath the Capitol complex said the two were involved in an "intimate" discussion in which Senator Faircloth did most of the talking. (WP)

Back to the 'Rough and Tumble' for Mikva

WASHINGTON — In installing Abner Mikva, a prominent former lawmaker who is now a federal judge, as his new White House counsel, President Bill Clinton has turned once again to a pillar of official Washington — a man who said recently that he was "too old, too white, too male and too liberal" ever to be named to the Supreme Court.

Mr. Mikva, a ruddy 68-year-old Chicagoan, will return to the political wars through the unusual seat of surrendering a lifetime appointment on the bench — he is chief judge of the U.S. Court of Appeals for the District of Columbia — to enter service in the executive branch at an age when many men have already retired.

By the end of next month, he will have been Judge Mikva for 15 years, long enough to guarantee a pension at full judicial salary. But he now knows that he will never be "Justice Mikva." (NYT)

White House Cracks Down on Gifts, Etc.

WASHINGTON — The White House says political employees can no longer accept gifts or trips from companies they regulate, even if they later repay the companies. The move is part of a new effort by the administration to distance itself from the ethics problems of Agriculture Secretary Mike Espy.

Officials also said President Bill Clinton believed that Mr. Espy had made "some errors in judgment" by accepting transportation, lodging and tickets to sporting events from companies regulated by his department, including Tyson Foods Inc. (WP)

Quote/Unquote

Senator William V. Roth Jr., Republican of Delaware, in a fund-raising appeal sent in the guise of a letter from his pet dog Thor: "Being a St. Bernard, I know the value of good breeding. When I first got the senator, I knew he was the pick of the litter. He is extremely smart and obedient." (WP)

Compiled by Our Staff From Dispatches

WASHINGTON — Attorney General Janet Reno pledged Friday that strong action, including the seizure of American vessels, would be taken against boat owners trying to help Cubans flee their island.

Ms. Reno said in a television interview that those Cubans coming on their own to the United States would be allowed to enter the country under the long-standing easy immigration policy for Cubans. But she warned Cuban exiles and others in the United States not to try to help Cubans flee.

She said that Florida and the federal government did not want a repeat of the Mariel boatlift in 1980, when the Cuban president, Fidel Castro, let thousands of prisoners and mental patients go to the United States.

"We will take steps, all steps prudent, to see that doesn't happen," she said.

"Those who come here will enter the country," Ms. Reno said. "But what we want to do is to let people know — don't go south to pick up people." She said the Coast Guard may stop boats that are going south, and "if they have probable cause to believe that there is violation of law, they will take appropriate action and seize the vessel."

"It is time that we make sure that we don't play into Castro's hands and let there be a repeat of Mariel," she said.

So far this year, 3,345 Cubans have arrived in the United States after leaving on boats or rafts.

On Thursday, U.S. Customs officers arrested three Cuban-Americans accused of piloting a

boat to Cuba to pick up 22 people and bring them back to Florida.

The administration "decided we needed to send a clear message that we were serious" about stopping it, a senior U.S. official said.

Ms. Reno's remarks revealed the anxiety within the Clinton administration over the possibility of another Mariel boatlift.

The administration's actions also follow Cuban complaints after four hijackings of vessels in Cuba in the last two weeks by people who made the 90-mile (145-kilometer) run to Florida.

Mr. Castro has said he might lower barriers to immigration if the hijackings continued.

In Havana, Mr. Castro went on television late Monday for the second time in a row to demand that the United States change its policy of granting automatic asylum to Cubans, which he claimed encouraged illegal exiles.

Cuba wants the United States to allow more refugees into the country legally, noting that the maximum 20,000 annual U.S. immigration quota is rarely if ever filled.

"We continue to demand that they put an end to this policy," Mr. Castro told a panel of journalists in an appearance lasting more than 90 minutes.

He contended that "massive emigration" was inevitable since he said U.S. policy had invited it.

Administration officials held discussions with Cuban-American leaders and remain convinced that Cuban exiles support the policy of resisting crossings to Cuba.

In Miami, Cuban-American leaders continued to call for calm, urging their constituents not to leap into boats for the ride to Cuba to rescue family or friends. (Reuters, WP, NYT)



Lia Nissim/The Associated Press
WOODSTOCK HIGH — A fan "crowd surfing" Friday as the anniversary rock concert in New York state began.

Away From Politics

- A federal grand jury indicted an anti-abortion extremist on charges of violating the new federal clinic-protection law by fatally shooting a Florida abortion doctor and his escort. Paul J. Hill is already charged with two state counts of murder.
- Shannon Faulkner's bid to become the first woman cadet at The Citadel, in Charleston, South Carolina, has been delayed by a federal appeals court.
- The man who rotted on a rat killer is the target of revenge. Police said a dead baby muskrat, nailed to a wooden cross, was left on the lawn of Lee Bernstein, the executive director of the American Humane Society of New Jersey. Mr. Bernstein had issued two complaints of animal cruelty against Frank Balun, who killed a rat that was eating his tomato plants.
- The youngest of four teenagers charged with murdering a British tourist at a highway rest stop in northern Florida has pleaded "no contest" to a reduced charge and will testify against the others. Cedric Green, 14, agreed to the plea.
- A U.S. fishing vessel was seized by Canadian officials for allegedly fishing for flounder illegally inside Canadian waters off Newfoundland. An official of the Canadian Fisheries Department said the captain of the Galicia I had been arrested.
- A 13-year-old boy has died in Laredo, Texas. The boy absorbed water containing a fatal amoeba spawned by pollution.
- The army's plan to hand over its Presidio installation overlooking San Francisco Bay to the National Park Service has been modified. The army will also continue to occupy one-third of the Presidio's 1,480 acres (596 hectares), but it will pay the park service \$12 million in rent and other fees. AP, NYT, Reuters

Battered House Democrats Put Health Reform Debate on Hold

By David S. Broder and Spencer Rich
Washington Post Service

WASHINGTON — House Democratic leaders, shaken by their unexpected defeat on the crime bill, have announced a delay of indefinite duration in taking up health care reform.

The House speaker, Thomas S. Foley of Washington, said that the House would stay in session next week but would

work on other matters, including a second effort to pass the crime bill. He refused to speculate on when the health care measure might be debated.

"I want to do it as soon as possible," he said after a strategy session Thursday following the setback on the crime bill. "but I don't know when it will be."

With Republicans threatening slowdown tactics in the Senate on the crime bill, the

whole timetable for health care legislation appeared to be in jeopardy. Even after bills are passed by the House and Senate, they must be reconciled by a conference committee and then repassed in both houses. Congress plans to adjourn in less than two months.

Mr. Foley blamed the delay in the House on the time needed by the Congressional Budget

Office to estimate the costs of four major health bills awaiting House consideration. The bills were completed, in some cases, only Wednesday night.

But the decision, following the loss on the crime bill and the emergence of a bipartisan, conservative health bill that could gain majority support on the House floor, suggested deep concern by the Democratic leaders about the fate of the

measure backed by President Bill Clinton.

Mr. Clinton, appearing at the White House late Thursday, said that "health care is not going to take a vacation" and that Congress ought to continue work on both the health care and crime bills.

The Senate majority leader, George J. Mitchell, said the Senate, which began debating health care three days ago,

would continue to plug away at the issue.



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Stunned by Rebuff on Crime Bill, an Angry Clinton Vows to Try Again

Compiled by Our Staff From Dispatches

MINNEAPOLIS — Stunned by the biggest defeat of his presidency, President Bill Clinton vowed Friday to resurrect a \$33 billion crime bill, and he delivered a blistering attack on lawmakers who voted to kill it.

"We are going to get you a crime bill," he told the National Association of Police Officers.

In Washington, the House majority leader, Richard A. Gephardt, said the House would take up the crime bill late next week, and lawmakers discussed changing an assault-weapons ban to help pass the measure through the House.

The bill was shelved Thursday by a coalition of Republicans, anti-gun control Democrats and blacks upset by an expanded death penalty.

"I think so, but probably not the same one," he said.

Before he left Washington on Friday, Mr. Clinton criticized the legislators who voted to keep the bill from reaching the floor. Those opposed "decided that their political security was more important than the personal security of the American people," he said.

Poll after poll, he said,

showed crime is the top worry of the American people "if we can't meet this concern there is something badly wrong in Washington."

After the House vote Thursday, an angry Mr. Clinton called the procedural move a "trick orchestrated by the National Rifle Association, then heavily pushed by the Republican leadership."

For Republicans, the vote represented a rare chance to set back the Democrats on a highly charged issue. The House Republican whip, Newt Gingrich

of Georgia, said the Republicans were prepared to go back to conference on Friday.

The six-year legislation

would also have banned many assault-style firearms, provided billions for prisons and crime prevention, made more than 50 additional crimes subject to the death penalty and allowed life sentences for some third-time felons. (AP, NYT, Reuters)

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

El Salvador's Fragile Peace

For years the tiny nation of El Salvador preoccupied the United States, much as Haiti does now. During the 1980s a bloody civil war, exacerbated by cold-war rivalries, terrorized the country.

Paramilitary death squads kidnapped and murdered anyone who dared to question the far-right government, from students to union members to the clergy. including the San Salvador archbishop.

Since the war ended in 1992, U.S. attention has flagged; but the peace is fragile. While the guerrilla opposition, the Farabundo Martí National Liberation Front, or FMLN, laid down its arms and participated in elections earlier this year, there is continuing evidence that rightist death squads have not been so happy to give up their old methods.

A Truth Commission established by the peace accords released a report in March confirming the participation of the military, the police and paramilitary groups in massacres, torture, political kidnappings and other crimes since 1980.

Leading FMLN members have been murdered this year. Cases of death threats, beatings and illegal detention, all apparently politically motivated, have been reported. An amnesty law passed by the National Assembly allowed many repeat offenders of brutal human rights violations to avoid prosecution.

A Joint Group was established by the

government last year to investigate reports of such abuses. Last week the group, made up of the human rights organization created by the peace accords, the UN observer mission and two government lawyers, released its report.

It is a cautious document, but it confirms that the paramilitary death squads remain, though their structures have changed. They have become more decentralized and have branched out into organized crime. Members of the current armed forces and national police are involved. The group has refused to make any names of suspects public but has released a separate, private annex to its report to government officials, naming names.

No true civil society will grow in El Salvador until its ordinary citizens can have confidence that they will not be killed, robbed, beaten or intimidated by people responsible for law and order.

One mandate from the peace accords, a thorough investigation of the death squad structure, still has not been fulfilled. That — along with judicial reform, as recommended by the accords, the Truth Commission and the Joint Group — is the only way to cleanse the Salvadoran society of its endemic official corruption. The United States needs to keep pressure on the Salvadorans until the job is truly done.

— THE NEW YORK TIMES.

A Flawed Bill Goes Down

President Bill Clinton suffered a stunning defeat Thursday when the House of Representatives refused to take up the crime bill. And, to the apparent surprise of the White House, the vote was not even close. Only a handful of Republicans crossed the line to try to save the bill, and dozens of Democrats defected. The gun lobby had a lot to do with this. Its campaign to defeat any measure that included an assault weapons ban succeeded. But the bill's opponents cited broader reasons, from strong opposition to the prevention provisions in the bill to dissatisfaction with provisions they view as not tough enough on criminals.

While the vote does not preclude the possibility that a revised conference report can be brought to the floor in what remains of this session, chances are slim that tampering with language or gutting the gun provisions will garner sufficient support. The bill's supporters have already given up a great deal.

The conference report would have made more than 60 federal crimes death penalty offenses. It had tough provisions on repeat offenders and truth in sentencing. It had nothing on habeas corpus reforms that would have ensured quality

legal representation for defendants facing execution. There is now nothing more that can be given up to win the support of opponents that will not drive away more votes than are attracted.

We have long been leery of such blockbuster crime bills, put together at the end of a session. They usually tempt legislators with all the opportunities to showboat on the issue. The mandatory minimum sentences enacted in these circumstances over the years — which send minor nonviolent drug offenders to prison for unconscionably long terms — are an example of the thoughtless, vindictive provisions that all too often win support.

This year's bill contained many objectionable features and appeared to be worthy of support only for its substantial aid to local and state law enforcement programs, the relatively minor concession authorized in the case of nonviolent first offenders, the money for social services in high crime areas and of critical importance, the modest ban on assault weapons.

These are the features most likely to be cut if the conference were to be reopened. Sacrifice of these provisions would make it a bill that deserved to die.

— THE WASHINGTON POST.

The Trouble in Alabama

The rural town of Wedowee, Alabama, has erupted twice in racial disturbances this year. First the high school principal, Hulond Humphries, shocked the nation with remarks about interracial dating and by calling a student of mixed race a "mistake" of her parents.

Now the Randolph County High School itself stands gutted by fire, declared arson by local officials and a federal investigative team.

Each episode has brought a prompt and appropriate federal response. It now will be up to the Justice Department and, if necessary, the federal courts to maintain the pressure already generated. They must finally force this pocket of resistance to comply fully with desegregation decree a quarter-century old.

After Mr. Humphries' outburst the Justice Department moved appropriately to reopen the county's longstanding school desegregation lawsuit, demanding the principal's transfer and a plan to change the school system's racially hostile environment. Last weekend, as black residents and Ku Klux Klansmen both prepared rallies, the school was torched. A task force of FBI and Treasury agents responded to help local forces investigate the fire.

The principal's crude remarks, and his insulating threat to cancel the high school prom to prevent interracial dating, sent federal attorneys to their files. There they found Randolph County's schools mired in their segregated history, unwilling to hire and promote black teachers and staff or even to hire more than a handful of black bus drivers. Mr. Humphries was but the embodiment of a sick system.

As the fire's embers were cooling, the school board wrote the federal court in Montgomery that things were changing in Wedowee. Mr. Humphries has been reassigned. A black first-grade teacher has been promoted to assistant principal. A biracial faculty committee has been appointed to hear student grievances.

These concessions persuaded the Justice Department to continue negotiations

and postpone a court hearing on its motion for temporary orders against the school board. Some of these steps hold promise for better schooling and better race relations.

One disturbing feature, though, is that Mr. Humphries' reassignment is to oversee the physical rebuilding of the school, though the board agreed that he must stay away from the site even in performance of those duties. That in itself seems impractical; but the assignment seems grossly inappropriate, given that Mr. Humphries, as the living symbol of local racial intolerance, would remain in a highly visible, centrally important post.

Is this just a way for a school board largely sympathetic to Mr. Humphries to help him retain a role in the school system? No one should lose a career over his beliefs; but Mr. Humphries, as the living symbol of local racial intolerance, would remain in a highly visible, centrally important post.

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Other Comment

Toward Israeli-Syrian Peace

The beginnings of a Tel Aviv-Damascus entente will still take weeks, if not months. Nonetheless, certain tremors are perceptible — and they bode well. Official television showed images of the Agaba meeting between King Hussein and Yitzhak Rabin and the inauguration of the Israeli-Jordan border crossing. President Hafez Assad is slowly preparing Syrian public opinion for "D-Day," when Syria will undertake a concrete step toward peace with Israel.

— Le Monde (Paris).

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Rwanda: The Rule of Law Is Important

By Theodore E. McCarrick

KIGALI, Rwanda — For lack of a modest investment in human rights monitors, the international community is losing an important opportunity. The immediate provision of 50 such monitors to Rwanda is critically important, both to help achieve national reconciliation and to expedite the early return of refugees from Zaire and Tanzania.

On Monday, the United States promised important assistance in re-establishing the Rwandan judicial system, establishing an international war crimes tribunal, and gathering evidence and preparing cases. John Shattuck, assistant secretary of state for human rights, linked the future of U.S.-Rwandan relations to a firm commitment by the Kigali government to the rule of law. This constructive U.S. position must be implemented quickly. After all the killing and suffering, the Rwandans will not be preached to put off indefinitely. The cost of such assistance would be paltry compared with the vast sums spent for emergency relief.

An early and serious effort must be made to build the capacity of the new Rwandan Justice Ministry to investigate and prosecute human rights abuses effectively, but with full respect for due process.

The credibility of the international community is on precarious ground in Kigali. After the horrible massacres touched off by military leaders of the former Rwandan Army, during which the world stood by passively, the extraordinary effort now to rescue refugees in Zaire has also brought succor to

many of those who carried out the massacres.

The new Rwandan government has offered a remarkable sign of its commitment to a long-term effort to establish rule of law. In a letter to the UN secretary-general, Justice Minister Alphonse Nkubito stated strong support for the establishment of an international tribunal and agreed to hold those arrested for genocidal crimes under humane conditions, deferring the prosecution of such persons to an international body.

But the new government's patience is limited. Mr. Nkubito warned: "We must see clear and decisive steps taken by the international community toward the prompt formation of a tribunal."

This warning should be heeded. If the Rwandan government, driven by internal pressures, fails to proceed unilaterally in prosecuting human rights violators, the cases, no matter how carefully prepared and tried, would be suspect with the Hutu population.

Months ago the rebel Rwanda Patriotic Front, now the core of the new government, asked that human rights monitors be assigned to Rwanda. To date there are only two such monitors, and their ability to move and communicate is limited. Fifty monitors would be a bare minimum. They will require vehicles, communications and computers.

If the families of victims are not to turn to indiscriminate vengeance, the international

community must make a vigorous effort to investigate and prosecute cases of abuse. Reconciliation requires rule of law and respect for due process. The involvement of the international community is needed to give credibility to this process as well as to provide advice and resources.

The early initiation of such an effort is also critical to the return of most refugees. Rumors are rife of returning refugees being killed by soldiers of the new government. These rumors are spread by members of the former government to keep the refugees under their sway in the Zaire camps.

Indications are that the new government intends to respect the human rights of all Rwandans. The new justice minister has a strong reputation as an advocate of human rights. But there is a very real danger of local incidents of vengeance. With a sufficient number of human rights monitors in place, the international community could work with the government to reassure the refugees that it is safe to return home.

The costs of such judicial and human rights measures are minor next to those of relief and reconstruction. But unless we act promptly on human rights, those larger investments may be wasted.

Archbishop McCarrick, chairman of the Migration Committee of the National Conference of Catholic Bishops, is on a fact-finding mission in Rwanda. He contributed this comment to the International Herald Tribune.

Burundi: Warning Enough to Prevent Disaster

By Eric Gillet and Alison Des Forges

NEW YORK — As violence in Rwanda abates, slaughter in adjacent Burundi resumes.

This week, extremists killed 15 people in the capital, Bujumbura, forcing the city to shut down. In late July, Tutsi militias killed about 200 Hutu in central Burundi. A few weeks earlier, Hutu militias killed several hundred Tutsi in the northeast.

This summer has seen an increase in the recruiting of militia members, the distribution of firearms to civilians and radio broadcasts inciting violence. These events mirror what occurred in Rwanda before the massacres began in April. Has Rwanda's horror taught us nothing?

As a senior State Department official said, "The generosity of the American people often exceeds their political understanding." That, he said, is why the United States didn't give \$10 million in May to equip UN forces that might have staved off the current tragedy and are now paying \$500 million to save Rwandans. And that is why America will probably do nothing as Burundi disintegrates.

Like Rwanda, Burundi has a single language and culture, and

its population (of about 7 million) is about 85 percent Hutu and 15 percent Tutsi.

The Tutsi held military and political control from independence in 1962 until 1993, when Melchior Ndayizeye, a Hutu, was elected president. But he was unable to shake the Tutsi hold on the military, and in October he was killed by the army during a failed coup.

Immediately afterward, Hutu civilians began killing Tutsi, often with the help of government officials. The military then defeated without mercy against defenseless civilians — slaughtering Hutu even in areas where no Tutsi had been killed.

Faced with escalating massacres and the loss of international aid, the army ordered its soldiers back to their barracks after two days and let a civilian government resume control.

A report by the International Commission on Human Rights Abuses in Burundi concluded that up to 50,000 people were slaughtered in this violence. The report identified many of the individuals responsible on both

sides, yet there has been no effort to prosecute them.

In the absence of government action, Burundians have been serving out a rougher form of "justice." Many of the Hutu killed by Tutsi last month had been suspected of murdering Tutsi in October.

Burundi's main sponsors — the United States and the European Community — helped persuade the military to back off in October. Now they must insist that all assistance to the country and its military be conditioned on the prosecution of human rights offenders and other reforms, including setting up a civilian police force independent of the military.

Violence in Rwanda has often been echoed in Burundi and vice versa. Given clear warning signals, the United Nations should act now to prevent an expensive disaster later.

Mr. Gillet is a consultant to the International Federation of Human Rights. Ms. Des Forges is a consultant to Human Rights Watch. They contributed this comment to The New York Times.

The United Nations should place an embargo on arms sales to Burundi and insist that the Zairean government hold Hutu radio broadcasts from within its territory that call for exterminating the Tutsi. And the UN Human Rights Commission should deploy civilian observers throughout Burundi.

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Violence in Rwanda has often been echoed in Burundi and vice versa. Given clear warning signals, the United Nations should act now to prevent an expensive disaster later.

To stem this spiral of war, the Burundian government must show that slaughter is not an acceptable political strategy. It should begin prosecuting suspected killers, whether Hutu or Tutsi, civilian or military.

If the government makes impartial efforts to bring murderers to justice, extremist political leaders might be persuaded to dismantle their militias.

learned the hard way, especially by one day's heavy casualties in Somalia, that the institutions were not ready for the mission.

The core question is one that Mr. Clinton has not yet frontalized. Is it not smart to endow the United Nations with the resources to cope, subject to Security Council authority, with the next generation or two or three of international disorders? The alternative is for America and its friends to take on the crises they feel matter most and to let the others flare.

You could call it selective engagement. Stanley Sloan of the Congressional Research Service, in a study of what he calls an emerging American "self-detente," joins others in seeing a gathering international instability likely to be met but not really checked by an American "coping strategy, muddling through."

Mr. Sloan brought his finely honed Cold War habits to the task, fell dismally short in key instances and dumped his failures.

Bosnia, Haiti, Korea — upon his successor, Mr. Clinton brought to office an untested disposition to spin off what used to be called "Third World" issues to the United Nations. He then

learned the hard way, especially by one day's heavy casualties in Somalia, that the institutions were not

U.S. Encouraged By Korean Talks

North Delays Joint Report On Nuclear Discussions

Compiled by Our Staff Dispatchers

WASHINGTON — U.S. and North Korean negotiators made some progress in resolving their nuclear dispute in talks in Geneva and will meet again in September, Secretary of State Warren M. Christopher said Friday.

[North Korea called in the American delegation for fresh negotiations in a last-minute hitch to the two sides signing a joint statement, U.S. officials said Friday evening. Reuters reported from Geneva.]

"We had the approval to go ahead," a U.S. official said. "Apparently, they did not. Apparently, their capital wants to talk about it more. It might be a negotiating tactic. We hoped there would be a signing ceremony."

"The parties have been seriously engaged," Mr. Christopher said. "They've had constructive talks." He said progress had been made on some issues.

Robert L. Gallucci, assistant secretary of state and the chief U.S. delegate to the talks, said the session would be adjourned Friday with or without a joint declaration.

"We and the North Koreans are working on trying to capture the areas of agreement that we have reached so far in a written statement, and if we can then we will, and if we cannot, then we will be adjourning this session without it," he said.

U.S. officials refused to give details of any agreement, but a North Korean diplomat said the text dealt with providing North Korea with new light-water reactor technology in return for freezing its existing nuclear program.

Pyongyang is also being offered "normal relations" with Washington as part of the deal, he added.

Other reports said the agreement included an understanding that North Korea would not reprocess 8,000 spent uranium fuel rods extracted from a reactor at Yongbyon, and would not reheat the reactor.

The talks, which were interrupted after just one day on July 8 by the death of President Kim Il Sung, started up again on Aug. 5. They have been followed closely in the West and Asia as indicating the future direction of foreign policy under Mr. Kim's son and apparent successor, Kim Jong Il.

Washington has been trying to negotiate a deal under which North Korea, accused of diverting nuclear weapons material from its power program, switches from graphite reactors to light-water technology, which produces less bomb-making plutonium.

The North Korean diplomat would not say whether the agreement dealt with the fuel rods. Under a compromise being discussed, a team of international experts would visit North Korea soon to examine the rods and see whether a proposal to bury them in concrete was feasible.

The expert-level meetings concluded the issue of making provision of a light-water reactor, establishing normal relations" between North Korea and the United States, and other issues, in return for "freezing nuclear activities" of North Korea, the diplomat said.

Mr. Gallucci said the United States was "prepared to move to more normal relations, provided we can do so in the context of resolving the nuclear issue."

He added that the United States "would be prepared to address" North Korea's desire for assistance in the light-water area of nuclear technology "in order that they abandon the graphite technology."

(AFP, Reuters)

Magic Johnson Is Accused In Sexual Harassment Suit

By Tom Golden
New York Times Service

LOS ANGELES — A former employee has sued a Los Angeles health club, saying that she was fired after rejecting sexual advances from basketball legend Earvin (Magic) Johnson, a television station reported Friday.

Los Angeles television KTLA said the employee, Regina Nichols, alleges in her Superior Court civil lawsuit that Mr. Johnson sexually harassed her sometime between 1988 and 1992 and that Sports Club L.A. condoned his actions.

Mr. Johnson was a spokesman for the club. It was not immediately clear whether he still represents Sports Club L.A. He retired from basketball in November 1991, explaining that he was infected with HIV, the virus that causes AIDS.

He said at a news conference at the time that he had had sexual relations with numerous women and did not know from whom he had caught the virus.

Mr. Johnson's attorney, Howard Weitzman, confirmed the lawsuit but termed it "stupid."

Mexico's Top Party Facing Biggest Test

By Tim Golden
New York Times Service

MEXICO CITY — As the Institutional Revolutionary Party heads toward what may be the toughest election in its 65 years in power, it is mired in what many of its leaders consider its most profound internal crisis.

Radical economic changes by the government of President Carlos Salinas de Gortari have grated on the party's traditional support among labor unions and peasants.

Ambitious efforts to build a new base of individual members rather than organizations have produced more conflict than success. In a society pressing ever more vigorously for democratic change, the party continues to depend heavily on authoritarian controls.

Yet for all the conflict that the party has endured in a year that has included the assassination of its first presidential candidate and a brutal fight over his replacement, the hulking machine known as the PRI has patched itself together and rolled forward once again.

It has raised tens of millions of pesos, enlisted hundreds of thousands of organizers and dominated every advertising medium from prime-time television to whitewashed walls.

According to a growing number of political analysts and national opinion polls, it also appears increasingly likely that the party will do again on Aug. 21 what it has done throughout its history — win.

"This party is like a floating log," one of its senior officials said, trying to explain how embittered older leaders of the PRI could have united around Ernesto Zedillo Ponce de Leon, the 42-year-old economist whose candidacy many of them

tried to block after the assassination of Luis Donaldo Colosio on March 23. "You either grab on or you sink."

The mere prospect that the PRI could win a plurality of the vote is a testament to the extraordinary ability of the world's longest-ruling political party to put aside its differences in the quest to retain power.

At the same time, many analysts believe, the party's ability to survive by modernizing its vote-getting apparatus and adapting minimally to a changing political system while resisting more fundamental reform augurs darkly for the country's transition to full democracy.

"The party as it exists is undoubtedly in a terminal crisis, and it has been held together only by the authority of the president," said Luis Javier Garrido, a longtime observer of the PRI who teaches at the National Autonomous University of Mexico.

"The problem ahead is that it does not know how it can make the transition from a party of the state to one more part of the system of parties that is coming into being."

In a speech last week Mr. Zedillo answered the rising demand for party democracy by pledging that, if elected, he would give up the control that all of his predecessors have exercised over the party's internal affairs and choice of candidates.

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Argentines Are Warned Of More Terrorist Attacks

Reuters

BUENOS AIRES — Argentina ordered emergency rooms at Buenos Aires hospitals on a high state of alert Friday after being warned of the danger of a new terrorist.

Israel and other nations warned Argentina to expect a new terrorist attack after the blast that killed nearly 100 people last month, the government said.

"The information was obtained and confirmed by national and international intelligence organizations of the utmost reliability," a statement from President Carlos Saúl Menem's office said. "The concrete threat is not limited to Argentine territory and terrorist action could extend to some neighboring countries."

It did not name the other states that provided the information or indicate who may carry out the attack, saying only that "international terrorism" was preparing the attack. A truck bomb on July 18 razed the offices of Argentina's two main Jewish organizations, killing nearly 100 people.

A judge investigating the attack has issued international arrest warrants for four Iranian diplomats. But on Friday, with the credibility of their sole witness eroding, the government and judiciary moved to distance themselves from the allegations of a link to Iran.

The identity and credentials of Manuchehr Motamer, previously described as a former Iranian official, have been disputed by Iran.

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ART

Saturday-Sunday,
August 13-14, 1994
Page 6

In Japanese Prints, a Cultural Battle

International Herald Tribune
LONDON — Art can say more about cultural upheavals than volumes of essays. The titanic struggle in which Japan found itself engaged to retain its identity as it came under Western influence in this century is illustrated in a fascinating show of graphics on view at the British Museum until Aug. 21.

"Modern Japanese Prints 1912-1989" is a selection of 140 woodblocks and

SOUREN MELIKIAN

stencils, all with the exception of seven works bought since 1980 by the museum. The accompanying book by Lawrence Smith, in which information unavailable in Western languages is given about the artists, is even more interesting than the exhibition. Together, they provide a pageant as bewildering as a Japanese cityscape with skyscrapers and traditional style houses side by side.

At the time of World War I, the ukiyo-e school of printmaking, born in the 18th century of an early wave of Western influence with such highlights as Sharaku, Hiroshige and Hokusai, was coming to an end.

It had its last flashes of creative genius. Hanjirō Sakamoto's "The Chikugo River," dating from 1918, holds out a promise of totally modern, yet traditional, landscape composition that could have led to a new age but did not. Infinitely poetic in its evocation of rain over a misty river, it is so concise as to border on abstraction.

Shinsui Ito (1898-1972) might have been the Hokusai of modern times. He produced some gems of invention such as "Awazu" of 1917, with its layered composition and the vertical rhythm created by a line of trees oscillating right and left. But instead, he drowned in the morass of facile picture postcard-style landscapes.

Hasui Kawase, who loved Western style illusions perspective for landscapes and urban scenes ("Rain at Uchi Yamashita") made the final jump into decorative kitsch. It lingered until 1940 when Hiroshi Yoshida brought the view of a Japanese resort with a wooden bridge crossing a mountain river as close to a Swiss landscape in the Jura as is humanly feasible. Short-lived attempts at reviving the Sharaku-style actor portraits by Natori, Yoshikawa and others ended in horrendous vulgarity. The old school had run out of steam.

At that point frantic experimentation broke out. Koshiro Onchi left no stone unturned. In 1936, he drew a figure in the manner of De Chirico flanked by non-descript planks of Cubist inspiration, "Mannequin in the Studio." The year after, Onchi was trying his hand at seashell subjects, handled in a manner that retains whiffs of Yves Tanguy and Sal-



A small masterpiece: Detail of "Tree at Dawn" by Joichi Hoshi (1976).

vador Dali, minus volume and perspective.

He also dabbled in portraiture, seeking a compromise between East and West. When doing the likeness of his friend the poet Hagiwara Sakutarō in 1943, he borrowed the layout from Sharaku and handled the head in a realistic Western style, trying to give it a dramatic expression. The outcome is a hideous spoof.

Pastiche were turned out by the dozen. Toshiro Maeda's "Round Moon Island at Shirahama" looks like a French poster for a car of the 1930s. Yasunori Tanimaka's "Okabawata" betrays a vivid awareness of the *mannerne noire* woodcuts of the 1920s favored by book illustrators.

It was left to Shiko Munakata (1903-

1975), Japan's most admired modernist painter, to break out of derivative art. In the 1930s he started to handle Buddhist themes in thick black zigzag lines in which the figurative, submerged in quasi-abstract design, loses its importance. Over a period of time he developed a unique and splendid style. The figurative, confined to a single element in the composition, simply appears as a key to the whole design.

"Kanya," done in 1964, is supposed to be a view on the Tokaido Road in a throwback to Hiroshige's famous "Fifty Three Post Stations on the Tokaido," printed in the 1830s. Only the truncated pyramidal outline intended as a mountain at the top warns that this is a natural sight. The landscape otherwise looks like a cascade of dark splinters.

The color, added by hand, differs from one print to the next. In the British Museum one, it is red, blue and green, creating a colored grid that further divides the landscape into splendid abstraction.

In 1967, he carried the idea one step further away from figuration. "Stars of the Whole Sky" shows, we are told, the sky above buildings in the old Shinto style, as an illustration to a poem by Sadaaki Kuraku. But aside from an irregular flattened triangular motif suggestive of a Far Eastern roof over what could be the outline of a house, there is not much to back up the assertion. The "Katakana" characters of the poem come down like a shower of dagger blades over drapes of blue, green and red coloring above that "root."

Japan was finding a new assurance in the 1960s. Artists were now able to recast in totally original form ideas emanating from the West. "Grapes and Melons" by Toru Mabuchi goes back to Cubist still lifes by Georges Braque. The balance of complementary colors, the daintiness of the surface treatment, the texture appearance of the detail, belong in a different world.

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Japonism was for centuries politically closer to Florence than Siena, but artistically, as its frescoes still bear witness, it was Siena that held sway. So, appropriately enough, it is the Stenese bank Monte dei Paschi that has financed the operation.

"The bank commissioned its first work, a fresco of the Madonna in 1481," said Donatella Capresi, the curator of the Monte dei Paschi's art collection.

To select the artists, the bank called in the art historian and critic Giuliano Brigandì, who later in his career took an intense interest in contemporary art. The five artists chosen — Luciano Fabro, Jannis Kounellis, Elioce Mattiacci, Nunzio and Giulio Paolini — were given a free hand in the location and type of work executed. The resulting works nearly all show that their modernist makers did indeed go in search of affinities with the past, and approached San Gimignano's existing charms with respect. All but one of them chose sites in out-of-the-way corners.

The youngest of the artists, the 40-year-old Nunzio (all the others are in their 50s), usually works in stark materials, such as stone, burnt wood and base metals, but in San Gimignano, he found Vicolo del Bongi, a high, narrow, medieval vaulted passageway off the main street, and lined a series of its arches with metal laminated with gold.

Kounellis, Greek by birth but long settled in Italy, responded to the challenge by building an arresting work in the hushed, almost forgotten courtyard in front of the 11th-century San Jacopo church just within the city walls. The ringer of the bell atop his tall, deceptively simple tower is firmly anchored to the ground by a sloping girder. As Kounellis comments: "This work resembles a bell tower, with the difference that it has a bewitched bell that cannot move, and can be seen not to be able to move." The tower echoes the style of the belfry of the church, but is placed so as not to interfere with the view of it. But in the afternoon it casts on its facade a mysterious silhouette in the shape of a roadside calvary, a nice paradox of the present casting its shade upon the past.

Paolini, meanwhile, has filled a space left by a long-gone sundial on the side of the San' Agostino church, with an engaging



Medieval Modernism

Tuscany Town Gives Five Sculptors a Free Hand

By Roderick Conway Morris

International Herald Tribune

SAN GIMIGNANO, Italy — "This place is miserably poor," observed a turn-of-the-century English traveler, a situation radically reversed in our times by the revival of the local Vernaccia white wine and a thriving tourist industry, thanks to the state of preservation of this Tuscan hilltop town's cluster of soaring medieval towers that can be seen from miles away.

Though making a comfortable living from its past, San Gimignano has now launched itself into the unknown with "Affinites," a project offering five modern sculptors carte blanche to choose a site anywhere in the town and install a new work there permanently.

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This is potentially the most intrusively placed installation in terms of the town's historic ambience. Yet the piece's harsh military undertones, its suggestions of war and peace, and the sheer bravado of its unexpected, almost alarming precariousness, make it striking and thought-provoking.

The final work, by Fabro, a flat, red steel piece composed of superimposed, fragmented outline maps of Italy, attached to a bar projecting over a sloping street just off Piazza Duomo, seems the least related to its setting, or to San Gimignano as a whole, though its resemblance from a distance to a ragged banner or inn sign save it from being utterly out of place. All in all, the San Gimignano experiment is a considerable success, and an unusual, but fitting, monument to Brigandì, who died before he could see it completed.

A map showing the location of the sculptures is available at the town's information office; there is also an exhibition on the project until Sept. 30 at the Palazzo Comunale (both on Piazza Duomo).

ART EXHIBITIONS

FRANCE

1994,
30th Anniversary
of the Fondation Maeght

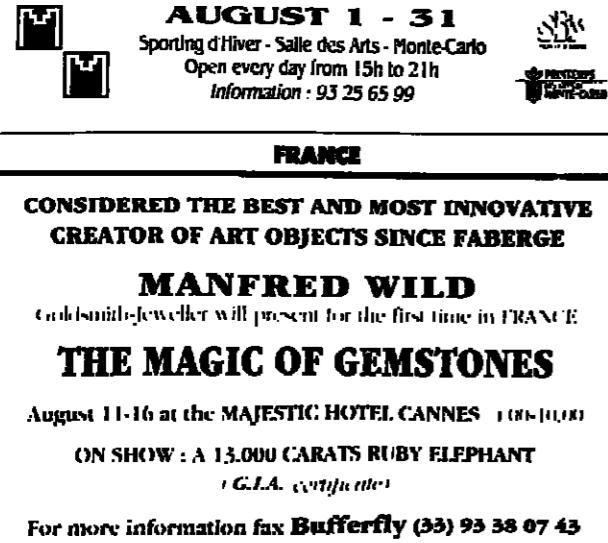
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PLAYLAND

By John Gregory Dunne. 494

pages. \$25. Random House.

Reviewed by

Mark Horowitz

CORRUPTION in all its

forms, political, spiritual

and physical, is John Gregory

Dunne's favorite subject. He es-

specially favors physical com-

petitors: clogged arteries, senil-

ity, strokes, testicular cancer, ure-

mic poisoning, a "cerebral inci-

dent" — and that's just in his

latest novel. Dunne loves the

morbid and tawdry. When a

trip to Las Vegas coincided

with a nervous breakdown, he

wrote a book about it called

"Vegas," and after undergoing

heart surgery he memorialized

the event in a grim, funny mem-

oir called "Harp."

Dunne has made a thorough

study of gas chambers and elec-

tric chairs. Corpses appear with

unusual frequency in his work

and not just fresh ones. He hap-

pens to be one of my favorite

writers.

"Playland" is Dunne's 10th

book, his fifth novel. The sub-

ject is Hollywood, something

Dunne is perfectly equipped to

write about, having moved

there 30 years ago to support

his literary habit of writing

screenplays. He recently relo-

cated to Manhattan's Upper

East Side to enjoy a well-de-

served second act.

There are three overlapping

stories in "Playland," each

wraps around the other, with

three main characters, and

three distinct time periods. The

first story is a fictionalized bi-

ography of Buggy Siegel, the

Jewish gangster who invented

Las Vegas. Called Jacob King

here, he's a handsome killer

sent to Hollywood by the New

York mob to watch over their

West Coast investments. The

reckless gangster falls in among

real sharks, Hollywood movie

executives, and they eat him

alive.

MARKET DIARY

Tame Inflation Data Cheer Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Wall Street was cheered Friday by a government report showing inflation in check, which may have lessened the chance the Federal Reserve Board will raise rates sharply next week.

While most analysts said they still expected the Federal Open Market Committee to raise rates when it meets Tuesday, a moderate increase in consumer

U.S. Stocks

prices for July prompted many to lower their forecast on the size of a rate increase.

The Dow Jones industrial average rose 17.81 points, to 3,678.71, and advancing issues edged out decliners by a 3-to-2 ratio on the New York Stock Exchange.

Stocks also got a lift from firm bond prices.

Among individual issues, Caterpillar rose 2% to 105% after it said its worldwide sales and profit would be stronger than expected and that a strike would have little impact on third-quarter results.

Exxon rose 2 to 60% after a federal court ordered the com-

pany to pay lower compensatory damages for a Valdez, Alaska, oil spill than the plaintiffs had asked. The settlement led some analysts to think that the jury would lower its award on claims of \$15 billion in punitive damages connected with the 1989 spill.

Eli Lilly erased gains and ended flat amid speculation that Britain's Glaxo Holdings might make a takeover bid for the drug company.

Amgen rose 1% to 53% on expectation for more drug-industry mergers after American Home Products' \$8.5 billion offer for American Cyanamid.

Bucking the trend, Syntex fell 1 to 21% on talk that Roche Holdings' \$5.8 billion takeover offer for the drug company had unraveled. Syntex denied the deal had collapsed.

Federal Express, the overnight shipping company, rose 1% to 66 after it said July average daily volume rose 17 percent from a year ago.

United American Healthcare gained 1% to 19% on reports it was poised for huge growth as millions more Medicaid recipients are shifted to managed health care. (Bloomberg, AP)

Vo Associated Press

Aug 12

The Dow

Daily closings of the Dow Jones industrial average

1994

2000

1990

1980

1970

1960

1950

1940

1930

1920

1910

1900

1890

1880

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1830

1820

1810

1800

1700

1600

1500

1400

1300

1200

1100

1000

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Heavy Competition Curbs Unilever Net

Compiled by Our Staff From Dispatches

AMSTERDAM — Unilever Group said Friday that profit was nearly flat in the second quarter as financing charges rose, investment interest dropped and heavy competition took a toll.

The Anglo-Dutch consumer products company said it earned 1.07 billion guilders (\$600 million) in the period, up 0.2 percent from the second quarter of 1993. Sales rose 8 percent, to 21.38 billion guilders.

Financing costs rose 32 percent from a year earlier, while income from fixed investments dropped 54 percent.

Unilever added that "competition in the developed markets remained very severe, notably for detergents in the United States and Europe."

Unilever has engaged in a war of words with its U.S. rival, Procter & Gamble Co., over Unilever's new Omo Power and Persil Power laundry detergents. P&G charged that Omo and Persil damaged fabrics under certain conditions.

Unilever reformulated the powder and in the Netherlands set up a toll-free telephone number to answer consumers' questions.

The company's stock rose in London and Amsterdam after the results, as investors had been worried that the soap war with P&G would severely cut into overall profit.

In fact, Unilever said profit at its European detergents division rose slightly, although that was mostly because of cost-cutting. It did not give specific figures.

In Amsterdam, Unilever finished at 195.90 guilders a share, up from 193.80, and in London, the shares finished at 1,094 pence (\$17), up from 1,038.

"It's a big surprise," said Rob Sweers, head of Dutch equity trading at Banque Paribas SA. He said there had been "considerable fear" of losses in the European detergents division. "In that perspective, these figures aren't disappointing," he said.

Mike Haines, a spokesman for Unilever, said worries over the impact of the soap war had been exaggerated.

"In terms of the cost, the impact is relatively small when you consider it is one sector, and only in Europe, and represents less than 2 percent of our worldwide turnover," Mr. Haines said.

The company had its biggest growth outside Europe in the quarter. In North America, operating profit rose 18 percent, while earnings outside the United States and Europe were up 12 percent.

(AP, Bloomberg, Reuters)

The Critics Outlive the Treuhand

By Ferdinand Protzman
New York Times Service

BERLIN — When the German government created an agency in 1990 to rebuild the battered socialist economy of the east, its mandate was both simple and monumental — sell, restructure or close thousands of businesses in formerly Communist East Germany, transforming its economy to capitalism as quickly as possible.

Its task almost complete, the agency — the Treuhandanstalt — is to be shut down at the end of the year. It has sold into private hands thousands of state companies, from bakeries to industrial conglomerates.

Yet the controversy over this economic transformation and the agency's role continues to rage. Some Germans complain of the cost, and others say the human toll was too great.

"We all knew we would be reviled when we came here," said Birgit Breuel, president of the agency known widely as the Treuhand. "The Wessies say we are squanderers," she said, using the slang

for West Germans. "The East Germans say we just destroy everything."

Her agency took over 13,687 companies in 1990. The buyers, predominantly from Western Germany, have committed themselves to invest \$112 billion.

"There were people at the Treuhand who knew all about market economics," said Siegfried Schlotig, a spokesman for Ford Hausratgekte GmbH, a refrigerator manufacturer. "But no one knew how to transform an economy from socialist central planning to a free market. There was no road map."

There are 147 concerns left to sell, including Deutsche Waggonbau AG, a manufacturer of railway rolling stock that was East Germany's largest company.

The cost has been staggering. Heinrich Hornef, the agency's finance director, said it had spent \$217 billion so far, including covering the debts of the companies and meeting their operating and restructuring costs. Of this, \$46.8 billion has been recovered through asset sales and other income — leaving a deficit of about \$170 billion for the German government to deal with.

The Treuhand will be replaced at the end of the year by three new government bureaucracies, but changing the name will not end the discussion.

"Never in peacetime has so much social wealth been destroyed," contends a campaign leaflet distributed by the Party for Democratic Socialism, successor to the Communist Party. It has scored impressive gains in recent local elections by assailing the Treuhand, contending that companies were sold well below their true value to meet time limits.

"The result is well known," the leaflet continues: "Deindustrialization and mass unemployment in the East." Critics point out that of the 4.1 million jobs in enterprises the Treuhand inherited, only 1.5 million exist today.

Mrs. Breuel and her supporters say the Treuhand saved whatever jobs it could and helped lay a foundation for the years to come.

"If one considers that the economy was totally modernized in just a few years, that is a powerful act," Mrs. Breuel said.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2000	3500	2400
1999	3400	2300
1998	3300	2200
1997	3200	2100
1996	3100	2000
1995	3000	1900
1994	2800	1800
1993	2600	1700
1992	2400	1600
1991	2300	1500
1990	2200	1400
1989	2100	1300
1988	2000	1200
1987	1900	1100
1986	1800	1000
1985	1700	900
1984	1600	800
1983	1500	700
1982	1400	600
1981	1300	500
1980	1200	400
1979	1100	300
1978	1000	200
1977	900	100
1976	800	100
1975	700	100
1974	600	100
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Yen's Strength Fuels 4% Gain In Japan's July Trade Gap

Compiled by Our Staff From Dispatches

TOKYO — Japan's politically sensitive trade surplus widened 4 percent in July from July 1993, pushed by the yen's strength and robust exports of automobiles, engines and semiconductors to the United States.

The merchandise trade balance, a measure of the flow of goods in and out of the country, came to a surplus of \$12.30 billion in July, the fifth-highest ever, the Finance Ministry said Friday.

It said Japan exported \$34.44 billion of goods during the month, up 6.9 percent, while imports amounted to \$22.15 billion, up 8.5 percent.

Expressed in yen, however, the trade surplus in July fell 4.5 percent from a year earlier, with exports down 1.7 percent and imports down 0.1 percent, the ministry said.

A jump of nearly 9 percent in the yen's value against the dollar in July swelled the surplus in dollar terms, officials said.

As long as Japanese exports keep selling well and foreign access to Japanese markets is

limited, the yen will remain strong, economists said.

Japan's surplus with the United States grew 20 percent in July, to \$5.63 billion, marking the fifth straight month of year-on-year gains.

Robust economic growth in the United States spurred demand for automobiles, machinery and semiconductors from Japan, said Fumio Tomori, a Finance Ministry spokesman.

Japan's trade surplus with Asian countries widened from a year earlier for the second straight month, to \$6.28 billion, a gain of 13.7 percent.

In trade with the European Union, however, the surplus narrowed for the seventh month in a row, to \$1.86 billion, down 7.4 percent.

Also on Friday, the Bank of Japan said wholesale prices fell 0.2 percent in July from July 1993.

The domestic wholesale price index in July leveled off as higher prices for electric power, gas, petroleum and coal were offset by price declines for machinery, food and livestock, the central bank said.

(Bloomberg, AP, AFP)

Mieno Sees Stability In Dollar

AP/EPA News

TOKYO — Yasushi Mieno, the governor of the Bank of Japan, told the cabinet that the dollar has settled above the 100 yen level, the director of the Economic Planning Agency

said Friday.

Mr. Mieno said there had been a "break" in dollar selling in the past month, with the dollar settling at 100 to 101 yen according to Masahiko Komura, the director of the agency.

The dollar was fixed in Tokyo on Friday at 100.30 yen.

"The yen has weakened somewhat, but currency movements remain the biggest source of concern," the agency director said.

Asia's Appetite Gets Larger Changing Tastes Can Help Australia

Compiled by Our Staff From Dispatches

CANBERRA — Australian earnings from food exports to Southeast Asia could increase fivefold in the next 16 years if producers seize opportunities presented by rising growth and changing patterns of food in the region, according to a government study released Friday.

But the Department of Foreign Affairs' report cautions that Australia has paid insufficient attention to the transformation in Southeast Asia's food and agricultural picture.

To achieve this target will require a rethink of Australia's food and agricultural strategy in these dynamic markets," the report says.

The population of Southeast Asia — comprising Indonesia, Vietnam, the Philippines, Thailand, Malaysia, Cambodia, Laos, Singapore and Brunei — was 450 million in 1991 and is expected to rise to 615 million by 2010.

Economic growth in the re-

gion has increased consumption of traditional foods and changed patterns of food consumption, the report said. Southeast Asia's gross domestic product now exceeds that of Australia.

The economies of Southeast Asia have average growth rates of about 7 percent a year.

Southeast Asian imports of food and agricultural products doubled in value from 1981 to 1991.

The change in food consumption patterns would strengthen the established trend of growth in food imports, the report said.

"Many of the goods subject to increasing demand — such as wheat, beef, dairy products, temperate vegetables

and fruit — are ones in which Southeast Asia is either a nontraditional or minor producer," it said.

Southeast Asian imports of food and agricultural products doubled in value from 1981 to 1991.

The report said that if this trend continued, by 2000 the Southeast Asian food and agricultural import market would be worth about \$30 billion and would grow to around \$60 billion in 1991 dollars, by 2010.

The report said Australian food and agriculture exports to the region could rise sharply, given Australia's geographic position and its ability to produce cheaply.

"If Australia can improve its share of the Southeast Asian market for food and agricultural imports from 7.5 percent in 1991 to 9.5 percent by the year 2010, then our annual food and agricultural exports could be worth \$6 billion by the year 2010," it said.

(Bloomberg, Reuters)

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Strats Times	Nikkei 225
11,000	2,600	2,000
10,000	2,200	1,800
9,000	2,000	1,600
8,000	1,800	1,400
7,000	1,600	1,200
6,000	1,400	1,000
5,000	1,200	800
4,000	1,000	600
3,000	800	400
2,000	600	200
1,000	400	100
0	0	0

Source: Reuters, AFP

International Herald Tribune

OTC 10/15/94

Very briefly:

- All Nippon Airways Co. said it planned to reschedule or cancel some of the aircraft it ordered in 1991 from Airbus Industrie and was renegotiating its orders from U.S. aircraft makers.
- Japanese bankruptcies of companies with liabilities of more than 10 million yen (\$100,000) fell 4 percent in July from a year earlier, to 1,120 cases, according to Tokyo Shoko Research, a private research institute.
- Philippine Airlines' striking workers defied a government order to return to work, vowing to remain on strike until a dispute with the airline was resolved.
- STAR TV, the Asian satellite television broadcaster that is controlled by News Corp., said it would diversify into a range of industries, including publishing, sports promotion, telecommunications and radio.
- Japan's governing coalition will submit a proposal to privatize Forest Development Corp. and Tokyo Expressway Public Corp.

AFP,AFX,Bloomberg,Reuters,Knight-Ridder

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China to Allow More Banks

Bloomberg Business News

BEIJING — China plans to open more cities to foreign banks, but restrictions on their ability to handle yuan are not likely to be lifted soon, a central bank official said Friday in the state-run newspaper China Securities.

Foreign banks are now permitted in 13 cities, including Shanghai, Beijing and Guangzhou.

Yan Wanyu, director of the department of foreign financial institutions of the People's Bank of China, has said that China was not ready for foreign banks to handle such functions as savings accounts and foreign exchange transactions.

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FIRST COLUMN

It's a Lonely Wait, But Worth It

THE world's markets generate thousands of signals and indicators, the great majority of which are greedily devoured by investors and commentators. Yet amid the maelstrom of raw information to be interpreted, there is but one certainty, and that's a sad one: The only thing we can be sure of is that each and every piece of information is ambivalent, capable of being interpreted at least two ways.

The search for tomorrow's emerging markets affords a classic example. On the one hand you have the optimism, albeit qualified, of renowned emerging market enthusiasts like Aram Banerji, chief investment officer of the U.K. investment firm, Foreign & Colonial Emerging Markets Limited. Mr. Banerji argues that the emerging markets of the world stand to benefit most from free trade. He identifies two of the better developed markets, China and India, as key players in this scenario, but acknowledges that their exports will eventually meet with protectionist policies from the developed countries.

The skeptical view of emerging markets focuses on the argument that money is spilling into them because the mainstream markets are already fully valued, and therefore, ripe for correction.

But the moral seems clear that markets really do emerge and eventually join the mainstream — perhaps after a period of unnerving volatility for investors. Hong Kong has already done so and Mexico appears to be next. So investors concerned with finding the Mexico of tomorrow should expect to sit tight for a year or two. Or ten.

M.B.

Diversity Makes Latin Markets Daunting

By Baie Netzer

ASK market strategists how individual investors can assess the potential risk and return in Latin America, and you'll receive an unsettling answer: Don't even try.

Sure, math wizards and computer hacks have had time enough to calculate the expected standard deviations, correlation figures and risk-measuring betas. But such quantitative approaches are not always reliable. Besides, experts say, Brazil is one thing, Mexico quite another.

Indeed, investors who pinned their Latin American hopes on a soaring Mexico have experienced a disappointing 9 percent drop in their holdings this year. Those that chose Brazil, however, have already reaped gains of 50 percent. Chile, Peru and Columbia have joined Brazil in the winners' club, while Argentina and Venezuela have dipped, the latter by a heart-stopping 25 percent. Is there a method to this madness?

"The only lesson we've learned this year is that Mexico and Argentina seem to be the most sensitive to interest rate movements in the United States," said Laurie Meister-Melka, manager of Latin American investments at Merrill Lynch in London.

Because foreign investors account for more than 50 percent of the freely-traded shares in those markets, a rise in U.S. interest rates may represent a more attractive opportunity closer to home for them, according to Miss Meister-Melka.

Columbia and Brazil, however, "essentially march to their own drummer," says Emily McLaughlin, director of Latin American equities at Foreign and Colonial Emerging Markets in London.

For investors: Movements in the giant \$182 billion Mexican market can not be counted on to lead the way for Mexico's smaller Latin American cousins.

A recent report by fund-tracker Micropal, in fact, showed a higher correlation between the Mexican and Indonesian markets than between Mexico and Columbia.

"Many of the Latin American countries are not economically linked to one another, so their markets really don't move in

tandem," explained Miss McLaughlin. She said she expects that state of affairs to change, however, as the effects of three recent treaties — NAFTA (linking Canada, the United States and Mexico), Mercosur (linking Argentina, Brazil, Paraguay and Uruguay) and the Andean Pact (Venezuela, Peru, Columbia, Bolivia and Ecuador) — begin to kick in.

Since most individual investors have neither the time nor the resources to research every Latin American market, experts recommend exposure to Latin America through regional funds that can invest across a number of markets.

But is picking a Latin American regional fund any easier than picking a single-country fund? A recent three-year comparison by Micropal showed that only three of ten Latin American regional funds beat the World Bank's IFCI index of Latin American markets.

In the U.S. market, only one of the three closed-end Latin American funds traded on the New York Stock Exchange and tracked by Chicago fund-rating group Morningstar has been around long enough to earn a rating. The four-year-old Latin American Investment Fund has earned a top five-star rating from Morningstar.

However, investors who choose a closed-end Latin American fund should be aware that fluctuating share prices may not reflect the true value of their fund's holdings. In addition, say experts, a closed-end fund is likely to hold riskier investments than an open-end mutual fund invested in the same region.

"Because they don't have to keep cash to meet redemptions, closed-end funds tend to be more fully-invested and they're able to take positions in riskier smaller stocks that aren't so liquid," says Morningstar fund analyst Colin Mathews. "As a result of extra risk, they also tend to outperform their open-end counterparts."

Among open-ended funds available to U.S. investors, Scudder's \$620 million Latin America Fund tops Lipper's performance ranking for the 12 months ended July 31, with a 46 percent total return. Scudder also has a 3-month-old fund listed

for investors: Movements in the giant \$182 billion Mexican market can not be counted on to lead the way for Mexico's smaller Latin American cousins.

"Many of the Latin American countries are not economically linked to one another, so their markets really don't move in

in Luxembourg for non-U.S. investors — the \$5 million Global Opportunities Latin America Fund. The fund's guidelines require managers to hold investments in at least three countries at all times.

"We pay very little attention to indices, but in practice our biggest weightings often end up where the biggest markets are," says William Truscott, manager of Scudder's Luxembourg-based fund. "I could never see putting 20 percent of the fund in a smaller market like Peru where there's very little liquidity." Currently, Mexico, Brazil and Argentina make up the fund's largest holdings.

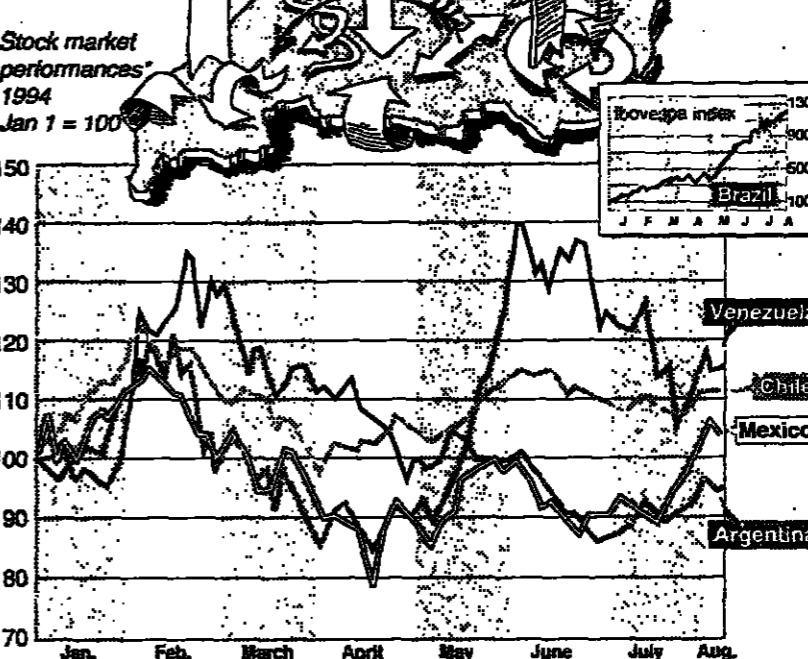
For investors convinced that a portfolio of individual stocks is the only way to go, most analysts advise sticking to "blue chip" utility and telephone stocks in larger, more liquid markets such as Mexico and Brazil.

"There are over forty Mexican ADRs traded on U.S. exchanges, or over-the-counter, so it's certainly easy to put together a portfolio of four or five blue-chips," said Miss Meister-Melka of Merrill Lynch. Among the Mexican shares Merrill currently recommends are telephone company Teléfonos de México SA, known as Telmex, construction company Grupo Tribus SA, and retailer Cifra SA, which has a joint venture with U.S. retailer Wal-Mart Stores Inc. All have issued ADRs.

Although investors can lower their risk by hand-picking a selection of blue-chip stocks, experts say the wisest strategy is to supplement those holdings with a little exposure to smaller, riskier markets that may sour when steady blue-chips stagnate.

"The fact that these markets are not correlated is a very, very powerful phenomenon to know for diversifying your portfolio," said Miss McLaughlin.

Latin American Equity Markets



Latin America — Invested Mutual Funds

Total % return over one year to July 31, 1994		
U.S. domiciled	Offshore domiciled	
Scudder Latin Amer. 46.00	Verico Fund 110.82	Argentinian Inv Co. 50.27
Merill Latin Amer. A 40.28	Opp Fd Brazil Balance Equity 97.59	Latin American Fund 49.80
Merill Latin Amer. B 35.27	Colombian Inv Co. 96.05	Infinity Fund 49.28
Fidelity Latin America 25.59	Eternity Fund 64.89	BSS Univ Latin Am A 41.05
GT Latin Amer Growth A 23.97	Santander 64.36	BSS Univ Latin Am B 41.05
GT Latin Amer Growth B 30.78	Opp Fd Brazil Balance 59.86	ML Latin American A 39.77
UST Nstrg Emerging Amer 30.61	K-B-Nercosur Equity A 54.85	Emer Mid-Latin Amer 39.05
TCW/Latin Amer Gr 29.94	K-B-Nercosur Equity B 54.14	Five Arrows LA Dist 39.91

* Mexico = Bovespa index Chile, Argentina, Venezuela = General indexes

International Herald Tribune

The same experience was repeated with more recent arrivals such as Thailand and the Philippines. They started upward at about the same time as Mexico and have shown respective returns of about 1,200 percent and 2,500 percent to the present. Again, most of the run took place in the early 90s.

These recent surges, say some experts, can be explained by liquidity flows. Money was flowing from the low-interest-rate environment of the United States in search of higher returns overseas. In 1992, according to Baring Securities, U.S. investors put over \$40 billion into foreign markets. In 1993 it was up to \$70 billion, with \$20 billion allocated for emerging markets, not including Hong Kong and Singapore.

"The lesson is clear," said Angela Cozzini, a strategist at Baring Securities. "Once an emerging market has got its economy under control, it will get a kick in the short term from liquidity flows. In the longer term the key is the value that the market represents."

"Newer emerging markets should follow the same pattern," added Miss Cozzini. "They will start to move when they show signs of liberalizing the economy. The takeoff will come when there is the next global liquidity surge. They should benefit disproportionately as everyone

knows that the earlier you are into these markets, the bigger gains you get."

But before the liquidity "kicker" comes, new emerging markets have to show signs of awakening from their dormant state in which private enterprise and foreign investment is often frowned upon, and where much of the economy is state-controlled.

Richard Watts, head of emerging markets at Gartmore fund managers in London, says: "Many of the promising countries start off by getting into IMF programs where they have to reform the economy and boost exports. If they succeed and no longer need to rely on official aid — and can attract private capital — they are on the way to 'emerging.'"

Aram Banerji, chief investment officer at Foreign & Colonial Emerging Markets, said: "To start with, we look for macroeconomic policy moving in the right direction alongside political stability and overall economic liberalization. There has to be a secure way to get currency in and out of an economy. There has to be a functioning bourse or a commitment to set one up."

John Ross, a strategist at U.S.-based Fidelity Investments, said that certain events attract foreign investors. "A queue of privatizations on the runway helps attract capital and causes a re-evaluation of

existing stocks," he said. "It means the market is broadening out. It makes the market more visible and raises interest."

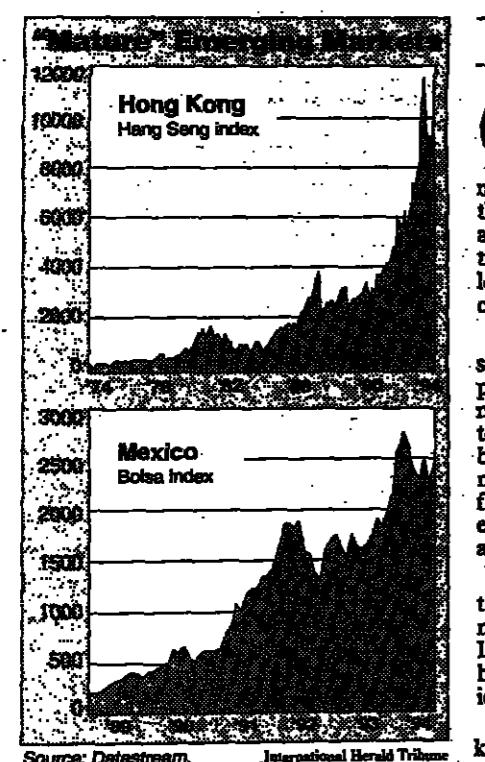
But Mr. Ross cautioned that there can be a lot of hype with new markets, and that investors can jump the gun before all the pre-conditions are in place. "It may have happened with China last year," he said. "People were buying a concept. This year it is one of the worst performers."

However, Mr. Watts at Gartmore said that fortune should favor the brave. "There is a bit of a gold rush going on," he said. "But there are more examples of success than failure when you go flying blind into new markets. There is no guarantee that it will work out, but there have been few accidents in the early stages. Accidents tend to happen later, after the market has run up, like in Venezuela or Turkey. The real trick is to watch a new market overheating."

More and more dormant countries are starting to come to grips with their economic problems, and these markets will start to show signs of life, say some analysts. However, history suggests that newer emerging markets will have to wait for the next global liquidity boost to really take off. That event is probably 18 months away, said Miss Cozzini at Baring Securities.

Playing 'New' Emerging Markets Is a Challenge, Even for the Seasoned Investor

By Iain Jenkins



what extent are the experiences of the mature emerging markets relevant to those waiting in the wings? Will Africa and the Middle East follow the trends set by Hong Kong, Mexico, Thailand and the Philippines?

History shows a somewhat consistent pattern in emerging markets. A country lies in either a relatively dormant state until a period of political change takes place, after which it takes off. The boom is followed by a seemingly inevitable collapse from which a market either regresses terminally or recovers.

Some observers say that Hong Kong started the process. From 1975 through the end of July, its Hang Seng index rocketed approximately 8,000 percent. The main surge took place in the early 1990s, with the market rising 44.8 percent in 1991, 25.6 percent in 1992 and a staggering 120 percent in 1993.

Mexico is further behind Hong Kong in the cycle but shows a similar pattern. It started to climb in 1987, and since then investors have seen a rise of about 2,500 percent in its Bovespa Index. Once again, the main gains came over the last three years with respective returns of 50 percent, 20 percent and 30 percent, as U.S. investors poured money into Mexico in a big way.

The best hope of seeing the same spectacular gains of recent years may lie in newer markets," said Peter Jeffreys of London-based Fund Research Ltd. "It is highly unlikely that Asia and Latin America will produce the same returns again."

But how do you pick which new markets are about to emerge and take off? To

knows that the earlier you are into these markets, the bigger gains you get."

But before the liquidity "kicker" comes, new emerging markets have to show signs of awakening from their dormant state in which private enterprise and foreign investment is often frowned upon, and where much of the economy is state-controlled.

Richard Watts, head of emerging markets at Gartmore fund managers in London, says: "Many of the promising countries start off by getting into IMF programs where they have to reform the economy and boost exports. If they succeed and no longer need to rely on official aid — and can attract private capital — they are on the way to 'emerging.'"

"There is significant value and strong interest in Russian equities from major western financial institutions," said Bill Browder, a Russian equities specialist at Salomon Brothers in London. "Oil and electricity companies are trading at 2 to 3 percent of asset values based on comparisons with western companies."

According to Scott Delman, a director of Foreign & Colonial Emerging Markets in London, Russian shares — most of which are traded over the counter between brokerage firms rather than on stock exchanges — have shown more dramatic growth than those anywhere else in 1994, and have totally ignored falls in both developed and emerging markets elsewhere. Shares in some Russian companies privatized in February and March, he added,

ly, the fund drew criticism for not being fully invested.

At the end of 1993, the fund was still only 85 percent invested. But a combination of new issues and rights issues in Poland and the Czech Republic, as well as in Hungary, have given Julian Cooke, an investment manager at John Gowett, the opportunity to increase his holdings.

Perhaps the most significant change in the region is the sudden interest of Western investors during the last two to three months in Russian equities.

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have risen in dollar terms by up to 500 percent.

Nevertheless, there are obstacles to investment in Russia. At present, there are insufficient custody and settlement facilities in the country, although this could improve shortly, say observers.

Elsewhere in central and eastern Europe, the emerging stock markets fell sharply with other world markets in the early part of this year. By far the most dramatic story was in Poland, where the WIG Warsaw Stock Exchange index rose by more than 1,900 percent in local currency terms between the beginning of 1993 and its peak in mid-March of 1994.

It was then, however, that the stampede out of Polish equities began. By early May the index had halved to around the 10,000 level, where it is still trading today.

The Budapest Stock Exchange Index, which gained had been modest in comparison with Poland, fell about 25 percent and in Prague, the HN Wood Index, compiled by local stockbroker Wood & Co., fell by more than 30 percent.

In the case of Poland, shares had become extremely expensive. Mr. Delman said that although he is bullish on Poland, shares are still not cheap. But should the scheduled privatization program take place on schedule, he added, that problem should be eased.

Mr. Delman said he had reservations about the Czech Republic, because privatization has not been accompanied by a restructuring of industry. He is also concerned about the liquidity of the market. And Hungary, he said, is in for a tough time.

Despite these problems, however, Western investors are buying selected shares. Mr. Cooke of John Gowett believes that for these stock markets to truly come of age, the privatization programs need a bit more time to bring more companies to the markets. This would provide, he said, greater liquidity and a larger range of shares to choose from.

Rupert Bruce

By Rupert Bruce

THE EMERGING markets of southern Europe are, by and large, countries that embraced the doctrine of nationalization of industry when it was fashionable, without succumbing to the embrace of Soviet communism.

Today, markets such as Greece, Portugal, and Turkey are all trying to reduce public debt burdens by selling off state-owned industry as part of large privatization programs. Analysts, moreover, say they are doing so with varying degrees of success.

Portugal is widely held to be the best of the three. Some observers have dubbed it a "warrant on Europe" and are impressed by its efforts to privatize, promote economic growth, and reduce state debt. The prospects for Greece and Turkey, say analysts, are less auspicious.

The stock markets of all three countries rose sharply last year as emerging-markets fever took hold. Greek shares rose by more than 40 percent in local currency terms, and Portuguese shares by more than 30 percent. Turkish shares surged more than fivefold.

This year, however, has been a different story. Just as they participated in the rises that swept across many emerging markets last year, these markets have fallen victims to the widespread collapse this year.

The Morgan Stanley Capital International Indexes for Greece, Portugal, and Turkey have fallen by 18 percent, 19 percent, and 25 percent respectively in local currency terms. But in Turkey, the

THE MONEY REPORT

China, Vietnam Mix Roots with Reforms

By Digny Larmer

ACCORDING to Confucius, the cautious seldom err — something those investing in Chinese mutual funds might be advised to bear in mind despite the massive 36 percent rise in Shanghai share prices on August 1.

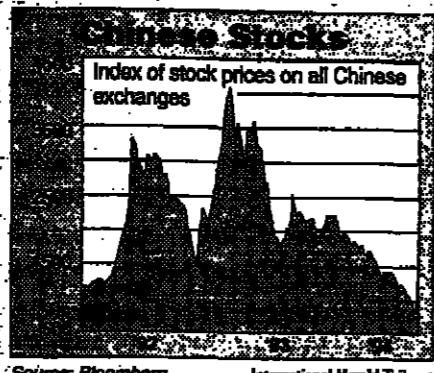
Although the move was a welcome shift in a market which plunged 38 percent in May, analysts are divided over how sustained the upturn will be. Those predicting only a short-term recovery claim that the current bull market is firmly rooted in a temporary bid by the Chinese government to bolster share prices.

In fact, the government's decision to suspend the further issue of class A shares (those sold only to Chinese investors) was clearly one reason why the market climbed when it did, analysts say. But how much the rise is underpinned by market fundamentals is another matter.

Chris Leggat, managing director of the investment house Jupiter Tyndall Asia in Hong Kong, says that the government's reforms were only one reason among many for a long overdue bounce in share prices.

"There was more to what happened than just a boost from the government," he said. "The market had been depressed for a while, even though some companies were showing promising results. Investors had become very negative."

Margaret Gadow, a fund manager with



Source: Bloomberg

International Herald Tribune

most other emerging markets is its continuing political commitment to communism. This has, however, done little to curb the country's long march toward economic liberalization.

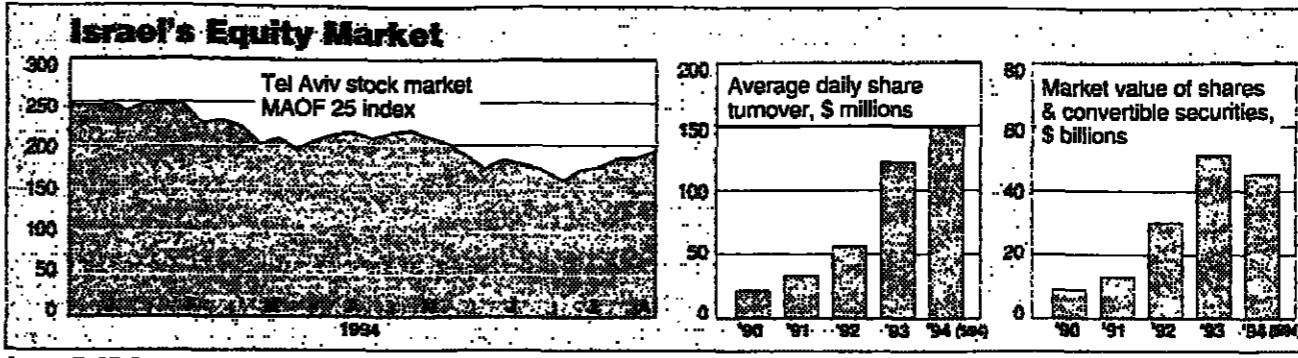
But for all China's de facto acceptance of capitalism, it still has several problems to iron out if it hopes to encourage wider foreign investment, observers say. Apart from needing a stronger accounting and legal framework, it also has to deal effectively with inflation — currently running at about 20 percent.

In Vietnam, China's neighbor, inflation is down to 5.2 percent from over 17 percent last year. Like China, Vietnam is quickly being drawn toward capitalism while still retaining communist roots. Many analysts point to Vietnam as a "new" emerging market with considerable promise. Indeed, since the United States ended its trade embargo with Vietnam earlier this year, the country has already attracted \$1.5 billion in foreign investment.

The only way into the market, however, is to buy directly into a Vietnamese corporation. There is speculation that a stock exchange will be opened before the end of 1995, but there are no concrete plans as yet.

Despite this, Vietnam has already embarked on a privatization program. But this initiative has been hit by corruption scandals which, analysts fear, could knock back the country's enthusiasm for market economics.

A major difference between China and



Source: TASE, Bloomberg

International Herald Tribune

Israel: Still Reeling, or on the Rebound?

By Christine Stopp

EMERGING markets gurus have started to give buy signals again on Israel after a 40 per cent market correction in the first half of 1994. "Bouncing off the bottom," said a recent bulletin from Foreign & Colonial Emerging Markets, for whom a prospective 12.5 price/earnings ratio in 1994 offers "unusual value."

The experts find it hard to give precise reasons for the Israeli market's sharp fall.

"The gyrations have been much more sentimentally than fundamentally driven," according to Michael Connors of Barclays de Zoete Wedd in London.

The general effects of worldwide recession and indigestion after last autumn's peace fervor seem the likeliest explanation, say analysts. At the start of this year, the Israeli market had been booming for four years.

The Tel Aviv stock market is sixty years old and had a share capitalization in April of \$45 billion, similar to that of Argentina or Indonesia. Its U.S.-style regulation and computerized operation reflect the high-tech nature of many Israeli companies. Moreover, the number of companies quoted in Tel Aviv has risen from 271 in 1990 to over 600 this year, and there are 58 Israeli companies quoted on New York exchanges.

Emerging markets managers are now looking at Israel with interest. Though the

market has obliged with some true emerging market-style volatility, it should not be classed with the nascent markets in some developing countries, say observers. Mr. Connors, who manages the new Société Générale Strauss Turnbull Israeli investment trust, said market volatility is not always associated with market immaturity.

Indeed, unlike many emerging markets, Israel has a sound business and financial infrastructure and a well educated, internationally minded population. Conservative estimates predict GDP growth of 5.5 percent for the year.

The jewel in the crown is the vast expansion which could be made possible by the Middle East peace process. This could boost Muslim or Muslim-influenced markets around the world such as Indonesia, Pakistan and Malaysia. If full peace is achieved, much less of GNP will go into defense spending.

Israel's position as a highly developed, technically advanced nation, in a part of the world where many countries are still at a basic stage of development, means it could also act as a catalyst in the opening up of those markets.

Moreover, with many resident immigrants from the former Soviet bloc, Israel is well placed to win contracts for rebuilding the infrastructure of Central Europe. The Israeli telecommunications company, Bezek, is actively negotiating contracts there, as well as in Africa and Asia. Bezek is part of the Israeli government's privatization program with 23 per cent of its stock already on the market.

Further issues or strategic partnerships

are also possible. It is rumored that British telecommunications firms are in serious discussions with the company with a view to taking substantial stakes.

Israel is free of market restrictions for foreign investors wishing to invest there. There are around 250 Israeli-based mutual funds, and a growing nucleus of offshore funds, but it is relatively easy for larger investors to go in directly. Gains can be repatriated with no penalty, provided the original investment brought new foreign capital into the country.

Non-residents can also set up an account in Israel through an overseas branch of an Israeli bank, or by contacting a local broker directly. Those not wishing to set up an account in Israel could look at the New York-quoted companies.

Mr. Lesser currently likes Electric Fuel Corp., which is developing a new car battery, and Tadiran Ltd., a supplier of telecommunications equipment to Bezek.

Douglas Polomin, a member of the emerging markets team at the Swiss private bank Pictet & Cie, said some of the New York-listed companies represent "fantastic value." He was cautious about the booming Israeli market at the end of last year, but has become a buyer during the past month.

An investment in an Israel fund or in directly held equities is only for those who can accept the risk of single country exposure in a volatile region, some warn. "Fine for the long haul," is Mr. Connors' verdict, although he said things could be hair-raising in the short term.

BRIEFCASE

New: Execution-Only Mutual Fund Service

A spokesman for the firm added that international investors writing checks denominated in major currencies other than sterling are welcome.

For more information, write John Charcol Investor Services Limited, 10-12 Great Queen Street, Holborn, London, WC2B 5DD; or call London (44 71) 611 7000 (7010 — fax).

ing," according to the firm's

including a number of Russia's Eastern and Central European neighbors.

"We have been investing directly in Russian companies for three years and believe that there is now an exciting opportunity to buy securities in Russian companies at prices significantly below their intrinsic values," said the fund's investment adviser, James Nicholson of Fleming Investments Limited.

"However, investors should, of course, be aware that this is a high-risk market."

The fund will be registered in Jersey and application has been made to list its shares on the Irish Stock Exchange.

For more information, write Fleming Investment Management Limited at 25 Copthall Avenue, London EC2R 7DR; or call London (44 71) 638 5858 (588 7219 — fax).

Next Week in the Money Report: International Health Care — Its Costs and Opportunities for Individual Investors.

Flemings to Launch Russian Mutual Fund

Fleming Investment Management Limited has announced its intention to join the small but determined band of investment managers launching mutual funds investing in Russia.

The fund's investment objective will be "to achieve a high level of capital growth by benefiting from the expected re-rating of certain Russian securities. These investments are believed to be undervalued relative to their counterparts in more developed stock markets

part of the package."

The service has been launched in recognition of the growing number of experienced investors that do not require financial advice, and are searching for a suitable alternative to traditional stockbrokers.

Although the firm describes its service as "execution-only," it will offer its clients "regular best-buy listings combining good investment performance with cost reductions." A bi-annual fund sector report and a quarterly valuation service also form part of the package.

"The service will be launched in recognition of the growing number of experienced investors that do not require financial advice, and are searching for a suitable alternative to traditional stockbrokers.

Despite such successes, many African states have been less zealous in pursuing reform, a report by the World Bank argues.

Mr. Bucknor of Lehman Brothers concedes that "there are several places that have not been brilliant" in implementing reforms. "There are still political difficulties in Cameroon, Kenya, Algeria and a number of other countries. It's a mixed story.

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SPORTS



The Mariners' Ken Griffey Jr., in a last smash before the strike, hit a grand slam — his 40th home run of the season.

SIDELINES

Italian Grand Prix Is Canceled

PARIS (AP) — World racing authorities on Friday canceled the Italian Grand Prix because of safety concerns, and the Italian government immediately appealed the decision.

The cancellation of the race, set for Monza on Sept. 11, pares the Formula One season calendar to 15 races.

The International Automobile Federation said that it had canceled the race because Italian authorities failed to provide formal, unconditional safety guarantees as asked on July 26. The federation wanted curves in the Monza circuit changed to slow the cars down, which would have required removing 123 trees in a public park.

Cuban Player Seeks Refugee Status

HAMILTON, Ontario (AP) — Richard Matienzo, a center who leads the Cuban team in scoring in the World Championship of Basketball, is seeking refugee status in Canada, the Canadian Press reported.

Matienzo, 25, left the team after a practice Thursday morning in Toronto, sources told CP, although Cuba's coach said he had not seen the player since Wednesday night.

"He has been in contact with an immigration lawyer and right now he's making arrangements with Immigration Canada to turn himself in," Staff Sergeant John Silloots of the Metro Toronto police said.

For the Record

Argentina's World Cup striker Claudio Caniggia will sign with Benfica, the Portuguese soccer champion, on Monday, the Lisbon club announced Friday. (Reuters)

Seville, where temperatures regularly reach 40 degrees centigrade (105 Fahrenheit) in the summer, has bid to stage the world athletics championship in 1999. (Reuters)

The newest NBA expansion team will be known as the Vancouver Grizzlies. The Canadian team, awarded an expansion franchise for the 1995-96 season, had originally chosen Mounties as the team's nickname, but ran into trademark problems. (AP)

Take a Seat, Ken: The Strike Becomes a Reality

By Robert McG. Thomas Jr.
New York Times Service

NEW YORK — Baseball's bright April hopes for a glowing October have faded into an August gloom. But not before Ken Griffey Jr. had hit a grand slam for his 40th home run, Tony Gwynn had got three more hits, Randy Johnson got 15 more strikeouts and the Cincinnati Reds had "clinched" the first championship of the National League's new Central Division.

As the 1994 season went into strike, fans across the United States were given a series of dramatic farewell reminders of what they will be missing in the weeks ahead, among them a cliffhanger at Yankee Stadium, where the Toronto Blue Jays beat the Yankees, 8-7, in 13 innings.

Despite the loss, the Yankees — who finished with a 70-43 record and a .619 winning percentage, the best in the American League and the team's best since 1980 — won the American League East for the first time since the strike season of 1981.

The Chicago White Sox and the Texas Rangers won the Central and West divisions, and the Montreal Expos, who lost to the Pittsburgh Pirates on Thursday night but still finished with the best record in the majors, 74-40, claimed a division title in the National League with the Los Angeles Dodgers and the Reds.

Playing out their season in a Philadelphia storm, the New York Mets battered the Phillies almost into Friday before losing, 2-1, in the bottom of the 15th.

So what began with fanfare in April as the first major-league season with three divisions in each league came down to the wire with some races in doubt to the very premature end.

What might have been the final day of baseball produced some instant champions, cut off some dramatic runs for individual

accomplishments and froze the season's three hottest races, all with special significance in the new divisional alignment.

Despite 12 strikeouts by Jose Rijo, the Reds, who began the day half a game ahead of the Astros in the National League's new Central Division, gave Houston an opening for first place with a 2-0 loss to the Dodgers in Cincinnati. But the Astros failed to take advantage.

Playing without Jeff Bagwell, who was leading the majors with 116 runs batted in before he broke his left hand Wednesday night, the Astros fell to the Padres, 8-6.

Gwynn, the Padres' outfielder who entered the game with a .391 average, came up three hits short of reaching the .400 mark. For all that, Gwynn, who needed a 6-for-6 afternoon to finish at an even .400, went 3 for 5 as he raised his average to .394.

"Never in my wildest dreams did I think I'd get this close to .400," Gwynn said. "But getting an agreement is more important than hitting .400."

The shortened season might also cost Albert Belle of Cleveland and Frank Thomas of the White Sox a chance to continue their efforts to become the first player since Carl Yastrzemski of the Red Sox in 1967 to win the Triple Crown.

As Belle's season apparently came to an end, he stood second in batting average (.357), third in home runs (36) and tied for third in runs batted in (101).

Thomas was third in average (.353), second in home runs (38) and third in runs batted in (101).

The strike also brought a merciful end to one of the weirdest races in the history of baseball, the battle between the Rangers and the Oakland Athletics for the dubious distinction of becoming the first team with a losing record to win a division.

With Texas idle and entering the day

with a 52-62 (.456) record, half a game ahead of the A's, the Rangers were forced to wait until the very last out of the very last game of the day to find out that they had "won" the AL West (at .457).

Griffey's grand slam helped the Mariners win at Oakland, 8-1, preserving the Texas title and eliminating any need for a phantom one-game playoff. Johnson raised his major-league-leading strikeout total to 204 as Seattle "finished" with a six-game winning streak.

Anticipating a long off season, players discussed their plans and defended the strike.

"This might be it for me," said 37-year-old Brett Butler of the Dodgers. "I don't want to do this. I'm losing \$19,000 a day, and it's money I won't get back. But for all the Catfish Hunter and Andy Messersmiths who did it for me, it's my responsibility to do it for the kids coming up."

The Reds' Rijo agreed. "It made me a lot of money in 1981," he said. "Now it's my turn to do it so somebody else can make the money."

The players, generally derided as "greedy," seemed to be the targets of choice among fan signs and such at the day's games.

For all the strike's impact on division races, the demise of the season had repercussions for teams players not in uniform on Thursday.

For Matt Williams of the San Francisco Giants, whose team did not play Thursday, the season ended on Wednesday, qualifying him for a question mark following an asterisk in the record book.

For during the game against the Cubs in Chicago, Williams hit his 43rd home run of the 115-game season, putting him on an exact pace to match Yankee Roger Maris's record 61 homers over 162 games in 1961.



Ron Kutz/News
Major-league baseball parks — closed for the duration.

Owners and Players Agree to Restart Talks (Meanwhile, the Minors)

The Associated Press

NEW YORK — Negotiators for major-league players and owners agreed to start talking again Friday, just hours after the baseball strike began.

• Glenn Davis, Omaha Royals, American Association. When he was cut by the New York Mets in spring training, many figured his career was over. At 33, however, he's hung in and had a productive season for Kansas City's Triple-A club, hitting 19 home runs with 70 RBIs. Whether he'll ever hit 30 homers with 100 RBIs, as he once did for Houston, remains to be seen.

A session was called less than 12 hours after the strike began.

The players walked out on one of the most exciting seasons in decades after Thursday night's games.

Soon after their offices opened Friday, the National League and the American Leagues issued statements that officially canceled all games — seven in each league, all at night.

Even though the major leaguers are on strike, it's still possible to see a Griffey hitting, a Ryan pitching and a Luzinski slugging. They're all in the minors.

And then there's the Michael Jordan Watch. (See Scoreboard.)

A look at some of players in the minor leagues, whose seasons finish up the first week of September:

• Reid Ryan, Hudson Valley Renegades, New York-Penn League. For one more chance at age 37, the former Chicago Cubs first baseman was batting .250 with nine homers in the independent league, whose talent level is somewhere between advanced Class A and Double-A.

• Leon Durham, St. Paul Saints; Northern League. Hoping for one more chance at age 37, the former Chicago Cubs pitcher was 6-4 with a 3.20 ERA for the Saints, who had a productive season for Kansas City's Triple-A club, hitting 19 home runs with 70 RBIs. Whether he'll ever hit 30 homers with 100 RBIs, as he once did for Houston, remains to be seen.

• Billy Ashley, Albuquerque Dukes, Pacific Coast League. The Los Angeles Dodgers always seem to have some young slugger in the minors, and Ashley is the best of the current crop. The 24-year-old outfielder went into the week hitting .344 with 27 home runs and 83 RBIs, and was looking for another late-season call-up. Because of the strike, he might spend the whole year in Triple-A.

• Craig Griffey, Jacksonville Suns, Southern League. He's still a right-hander and plays slap-and-run, rather than sing-and-trot. Still, there are times when he chases balls in center field that he looks like his famous brother, Ken Jr., Craig, 23,

Billy Ashley, Albuquerque Dukes, Pacific Coast League. The Los Angeles Dodgers always seem to have some young slugger in the minors, and Ashley is the best of the current crop. The 24-year-old outfielder went into the week hitting .344 with 27 home runs and 83 RBIs, and was looking for another late-season call-up. Because of the strike, he might spend the whole year in Triple-A.

• Ryan Luzinski, Vero Beach Dodgers, Florida State League. The Dodgers think their No. 1 draft pick in 1992 might someday hit like his father, former All-Star Greg. So far, he's batting .252 with nine homers in Class A.

Japanese Leagues

Central League

W L Pct. GB

Yomiuri 54 41 0 .565 1
Oriente 54 40 1 .556 2
Kintetsu 54 40 1 .556 3
Hiroshima 45 49 0 .495 4
Yakult 44 49 0 .473 5
Yokohama 50 42 0 .462 6

Pacific League

W L T Pct. GB

Seibu 32 45 0 .444 1
Orts 39 49 1 .556 2
Kintetsu 51 41 1 .554 3
Daiichi 32 42 1 .550 4
Dome 32 42 1 .550 5
Nippon Ham 35 57 3 .386 6

Friary's Results

W L T Pct. GB

Yomiuri 9, Hanshin 2
Chunichi 3, Yokohama 1
Hiroshima 5, Yakult 2

European Scores

CUP WINNERS' CUP PRELIMINARIES

Tottenham 1-0, Chelsea 1-0, Monaco 1-0, Valencia 1-0, Siviglia 1-0, MTK Helsinki 1-0, IKV Keflavik 1-0, Maccabi Tel Aviv 2-1, Basque 0, Tatvan Premer 1

BALTIMORE—Opted

Armando Bentz, pitcher, to Bowie, EL. Optined Arthur Rhodes, pitcher, to Rochester, IL. Recalled from Rochester.

BOSTON—Signed Brian Rose, pitcher, and assigned him to Fort Myers, FL.

CLEVELAND—Optined Albie Lopez, pitcher, to Charlotte, NC. Recalled from Rochester.

KANSAS CITY—Optined Tom Rohrmeier, pitcher, to Portland, OR. Recalled from Rochester.

MONTREAL—Optined Dave Stevens, pitcher, to Salt Lake City, PC.

NEW YORK—Optined Sterlin Hitchcock, pitcher, to Columbus, OH. Recalled from Rochester.

TEXAS—Optined James Hurst, pitcher, to Tulsa, TL.

TORONTO—Optined Domingo Cedeno, pitcher, to Syracuse, IL.

Referees League

BASEBALL American League

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Referees League

CINCINNATI—Optined Kevin J. Joyce, pitcher, to Indianapolis, AA. Called up from Toledo, OH.

DETROIT—Optined Jim Abbott, pitcher, to Toledo, OH. Recalled from Toledo.

COLORADO—Optined Lance Polk, pitcher, to Colorado Springs, PCL.

L.A. DODGERS—Optined Israel Valdes, pitcher, to Albuquerque, PCL.

NEW YORK—Optined Jeremy Burnitz, catcher, and Fernando Vina, pitcher, to Norfolk, IL. Activated Kevin McReynolds, outfielder, from 15-day disabled list.

ST. LOUIS—Optined Steve Clevenger, pitcher, to Memphis, AA.

SEATTLE—Optined Mike Morgan, pitcher, to Sacramento, AA.

TEXAS—Optined Mike Moore, pitcher, to Corpus Christi, AA.

WILMINGTON—Optined Mike Morris, pitcher, to Greenville, AA.

Winnipeg—Optined Mike Morrison, pitcher, to Ogallala, AA.

WICHITA—Optined Mike Morrison, pitcher, to Ogallala, AA.

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DAVE BARRY

Plighting a Troth

MIAMI — Well, I finally got to perform a wedding ceremony. On July 9, in Fort Lauderdale, Florida, I officially tied the matrimonial knot for two consenting adults. It was a deeply moving ceremony, and the bride looked radiant in her temporary teeth.

You may recall that a while back I wrote a column stating that I was an official notary public in Florida and I was eager to commit a wedding. That column generated quite a bit of mail, including some letters from irate notary publics who felt that I was making fun of notaryhood. For example, Samuel D. Michak, a notary from West Wyoming, Pennsylvania, wrote a letter in which he stated: "Defaming the Notary Public Office is not humorous to me." Michak further stated: "A Notary was called upon when Columbus discovered America."

Frankly had not been aware of this. I bet it was a dramatic moment in notary history when Columbus waded ashore in the New World:

COLUMBUS: . . . I therefore claim this land in the name of Ferdinand and Isabella of Spain.

NOTARY PUBLIC: O.K., so your name is Fernando Isabella?

COLUMBUS: No, I'm Columbus.

NOTARY PUBLIC (genting suspicious): I'm gonna have to see a photo ID.

Anyway, among the other letters generated by my notary column was one from Pat Callahan of Fort Lauderdale, asking if I'd perform a wedding for her and her fiance, Phil Taylor. Pat said she'd asked Phil how he felt about having me do the honors, and he'd said, quote, "O.K." Phil is a man of few words.

I told Pat I'd be happy to do the wedding. It was an informal backyard ceremony, with everybody wearing shorts and Hawaiian shirts and leis, except for Pat and Phil's dog, Maya, who just wore a lei.

The bride was showing great

composure, considering that just a week earlier her dentist had extracted her four top front teeth, following an accident in which she tripped on an electrical cord and hit the floor face-first.

Music for the ceremony was provided by Jennifer Rudzinski, who played "Here Comes the Bride" on a tuba with spider webs down inside the big hole. (I realize that the song is not, technically, named "Here Comes the Bride." The actual name is "The William Tell Overture.")

For Pat and Phil, I went with a simple ceremony. I pointed out that it was a solemn occasion, then turned to Phil. "I will now ask you, Phil," I said, "if you have a lengthy, heartfelt and sensitive statement about marriage that you wish to make at this time."

"No," said Phil.

Pat also had nothing sensitive and heartfelt to say, so I gave them some advice on having a good relationship.

"Pat," I said, "suppose that you have taken up virtually all the bathroom storage space with your skin-care products. You need to think about Phil. Doesn't he need bathroom storage space too?"

"No," said Pat.

My main advice to Phil was: "When you're looking to get Pat a nice, romantic gift, do not think in terms of tires."

After that I read the traditional wedding ceremony provided by the Florida state notary office. At one point it stated that Phil and Pat had "pledged their troth."

"What's a 'troth'?" asked Pat.

I didn't know, but Pat and Phil pledged it anyway. Then I pronounced them husband and wife, and the tuba struck up "The Song They Always Play at the End of a Wedding," and everybody applauded except Maya the dog, who wagged her tail in joyful tribute to the happy couple. Also she probably sensed that there was going to be food.

With what results? Kluver is unable to explain



From Cocteau's pictures of an afternoon in a cafe: From left, Ortiz de Zarate, Max Jacob, Moise Kisling, Piquerette, Vassilieff and Picasso.

A Day in the Life of Picasso and Friends

International Herald Tribune

PARIS — Since the camera was invented, people have taken summer snapshots. But these were different: the photographer, using his mother's Kodak, was Jean Cocteau, the subject's chums, including Picasso, Modigliani, Max Jacob, Moise Kisling. The date was Aug. 12, 1916, a sunny Saturday in Montparnasse, rather warm at 81 degrees but even painters those days kept on their jackets and ties.

Cocteau's pictures, 21 of them, were painstakingly tracked down and put in order by Billy Kluver, the author of "Jules et Jim" and an important art world middleman who introduced Picasso to Gertrude Stein.

Close to 1 p.m. Picasso extends his arm to greet Marie Vassilieff, a painter who during World War I ran an artists' canteen and served as a volunteer nurse, and by picture three she is in the group, an earnest black-gowned figure. Picasso is incongruously holding a fancy walking stick, probably given to him by Cocteau to hold while he took the picture.

The group then moved slightly on to Bay, the favorite restaurant of Picasso and Apollinaire, known for its excellent but pricey wines (a glass of Clos de Vougeot cost an outrageous 55 centimes). Kluver doesn't know what they ate. Lunch ended at 2:15 and Roche left, fatigued, he noted in his diary, by too-witty talk.

Coffee at the Rotonde and the painter Kisling comes along, as does the Poet model Piquerette, wearing a Martian-looking headpiece. At 2:45 they

leave the Rotonde and Cocteau takes pictures in the street.

By now his cane, still held by Picasso, has mysteriously lost its head. The overburdened Vassilieff leaves, as does the hard-working Kisling and Kouaki, his dog. The writer André Salmon and Modigliani appear in picture No. 17, at about 3:30. Picasso must have told a terrific joke in the street for Modigliani is, uniquely, smiling. It is the first photo in which Kluver has seen him smile.

He is still smiling faintly in the last picture, in front the post office on the Boulevard Montparnasse. Picasso has left, one doesn't quite know what has happened to Cocteau's cane. It is 4:30.

A nice, companionable summer afternoon, unmarred by all as such days should be, although when Cocteau went home to his mother with his Kodak he seemed, from a letter to Valentine Hugo, not to have had a very good time in bohemian *after all*:

"Nothing very new except that Picasso takes me to the Rotonde. I never stay more than a moment, despite the flattering welcome given me by the circle (perhaps I should say the cube). Gloves, cane, and cloak astonish these artists in shirt sleeves — they have always looked on them as the mark of feebleness. Too much cafe-sitting brings sterility . . ."

Still, he proudly added, he had taken pictures of the group. And it should be noted that his patronizing "moment" had lasted six hours. One only hopes Picasso kept the cane.

PEOPLE

A \$6 Million Killing For 'A Time to Kill'

Author John Grisham can apparently write his own ticket, too. Film rights to his 1989 novel "A Time to Kill" have been sold to the New Regency production company for more than \$6 million. This tops the \$3.75 million Universal paid him for "The Chamber" last year. But he's still some millions behind the Hollywood record for a book adaptation set by Alexandra Ripley. Ripley was paid \$9 million in 1991 for television rights to "Scarlett," the sequel to "Gone With the Wind." CBS plans to air "Scarlett" this fall.

John Paul Getty 2d offered £1 million (\$1.5 million) Friday to help prevent a treasured British sculpture from being exported to the Californian art museum founded by his oil baron father. Getty pledged the money to help keep "The Three Graces" in Britain. If Scottish and English galleries can raise £1.6 million in the next three months, matching what the museum paid five years ago, it will stay at home.

Albert Einstein had more on his mind than the theory of relativity, to judge from love letters he wrote to his future wife Mileva Maric at the turn of the century. She was his "dolly," his "pussycat," his "sweet little witch" and without her "My life is not life." The letters, published in the August issue of Physics Today, are excerpted from "Einstein, History and Other Passions," by Gerald Holton, to be published this fall.

The secret is out. Princess Diana's hideaway on Martha's Vineyard is in Vineyard Haven; at an 18th-century house rented by the Brazilian ambassador to the United States, Tarsio Fleita de Llana, and his wife, Lucia. Diana arrived there last week.

INTERNATIONAL CLASSIFIED

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WEATHER

Europe

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



North America

A cold air mass from Canada will plunge southward into the Great Lakes this weekend and move into the northern U.S. to Saturday. Scattered frost is likely across Ontario. Albuquerque to Salt Lake City will remain dry and hot. Most of the country will be unseasonably cool. Slightly warmer Europe. Sicily has early next week.

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